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MAY 27, 1968

RAILWAY AGE

THE TRANSPORTATION WEEKLY

MAY 27 1968
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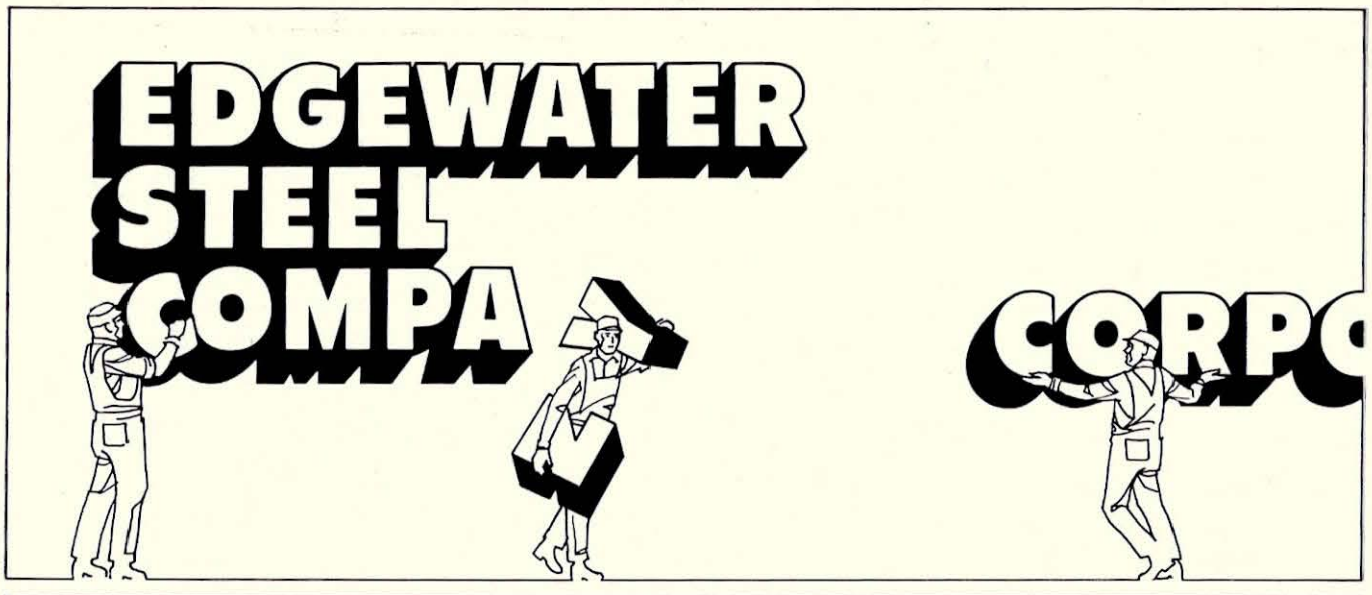

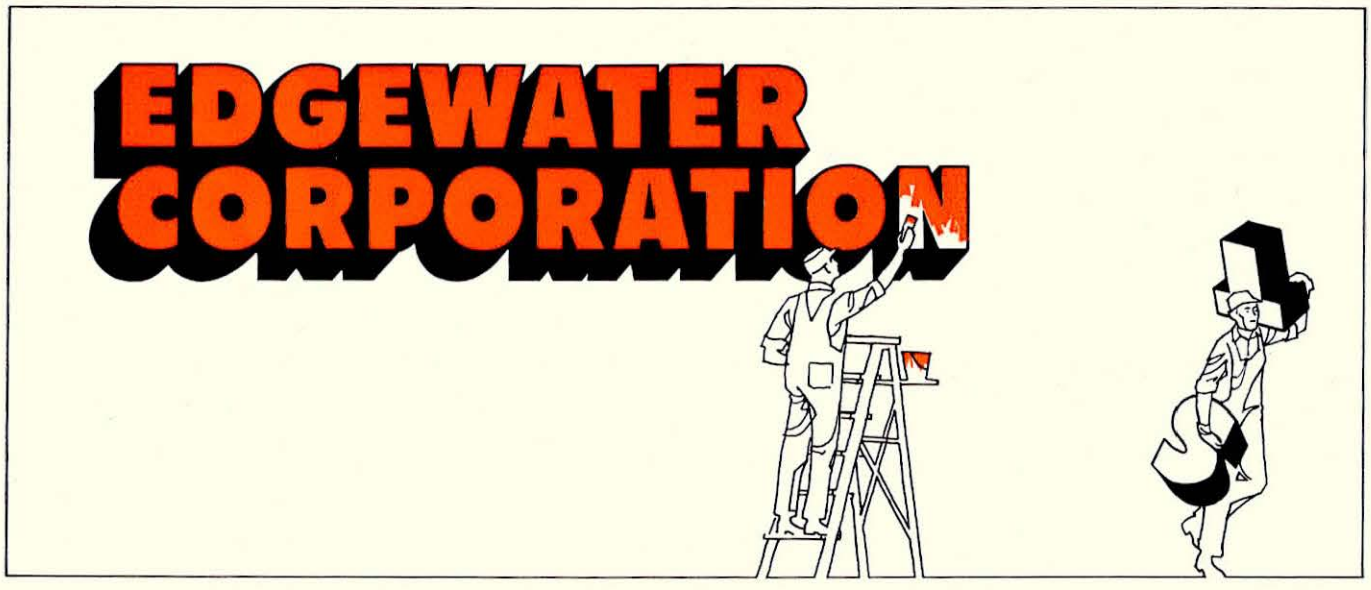

We have a new name—Edgewater Corporation. We feel that this more properly describes the nature of our company than did Edgewater Steel Company.

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So now we are Edgewater Corporation, manufacturing components and assemblies for such industries as: chemical, petroleum, bearing, tobacco, printing, pulp and paper, nuclear, food handling, farming, aircraft, gas turbine, electronic, ordnance, railroad, communications, shipbuilding, machine tool, earthmoving, materials handling.

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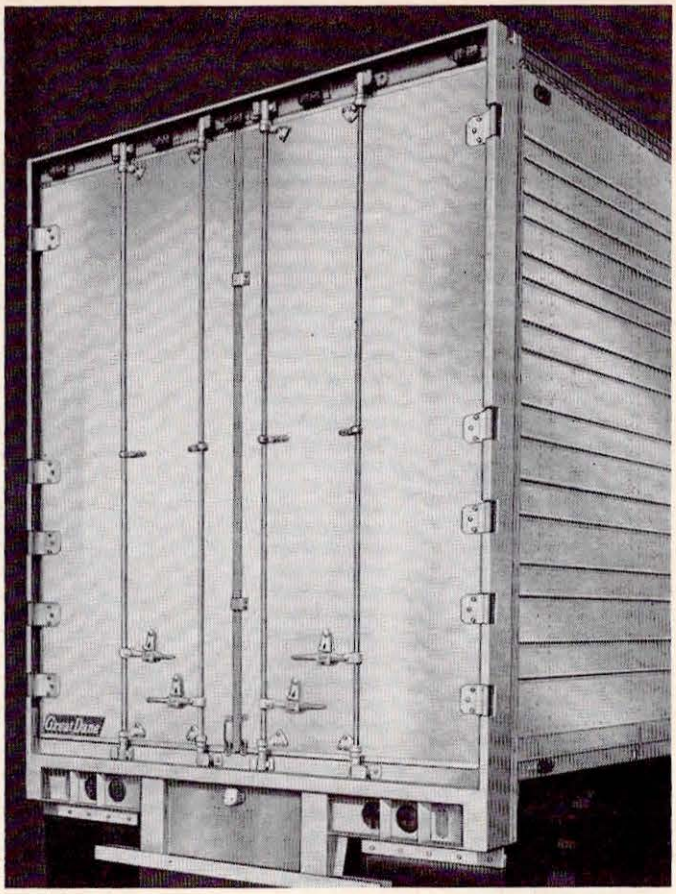
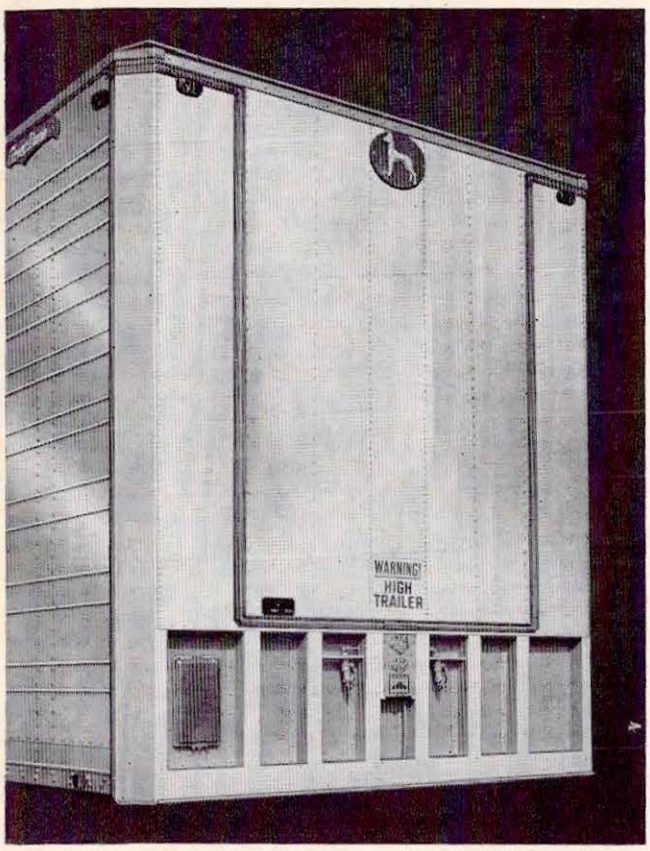
Jerden Manufacturing Corporation *(acquired in 1967)*—Jerden Manufacturing Corporation of Indianapolis, Indiana has earned a fine reputation as a manufacturer of precision metal parts and intricate sub-assemblies for gas turbines, ordnance and other equipment requiring components of utmost reliability.

Circle 1 on coupon page 84

Great Dane piggybacks are built tough for lasting railroad service





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Aluminum faced 1¼″ plymetal doors are supported by ten high strength recessed hinges with lower hinges in the area where possible cargo shift damage might occur. Opened doors provide access to full inside width of trailer. Doors are locked into place by four heavy duty galvanized locks.

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Great Dane Trailers

SAVANNAH, GEORGIA 31402

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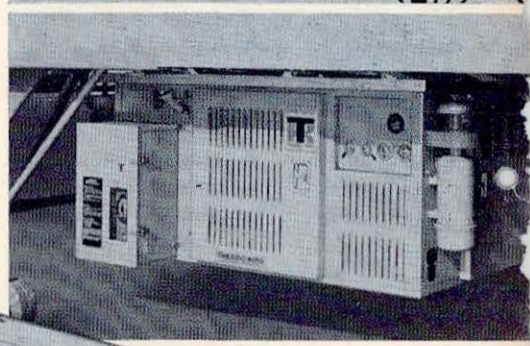
Circle 4 on coupon page 84

Specialized Thermo King refrigeration units stack up to rugged requirements of piggy-back operations

Professional piggybackers rely on these professional Thermo King units to keep valuable perishable cargoes at constant temperatures no matter how long the run or variable the ambients.

In these diesel-powered undermount and frontmount units, Thermo King has answered the industry need for absolute reliability with heavy duty extra capacity components, engineering innovations that provide an extra margin of safety, and exclusive maintenance features that save downtime and labor.

For information on why these diesel-powered Thermo King units mean lowest cost per mile in refrigerated piggyback operations, write Miles Harvey, Manager Railroad Division, Thermo King, 314 W. 90th Street, Minneapolis, Minn. 55420



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RAILWAY AGE

May 27, 1968 • Vol. 164, No. 20

THIS WEEK

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It owes much of its success to a great sales and marketing effort.

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. . . AND COMING NEXT WEEK

Toronto has become a showcase for the best and the newest in urban transport, in both concept and implementation. A special report in the June 3 issue will describe late developments on both TTC and GO Transit Lines and what they mean to the community. Also: a report on the feasibility of using transit lines for moving mail and other containerized freight.

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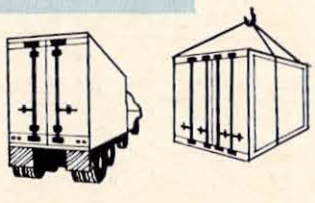


* **Miner POWER-BRACE Door Locks meet cargo container specifications USASI MH5.1-1965 and are approved by Lloyd's Register of Shipping.**

Circle 5 on coupon page 84

SHORT AND SIGNIFICANT

Budd to acquire container, trailer manufacturer

Budd Company last week took a significant step toward diversification in the transportation field, announcing that it has reached preliminary agreement to take over Gindy Manufacturing Corp., a builder of containers and highway trailers. The planned acquisition would be accomplished by a tax-free exchange of Budd common shares. Further details of the transaction were withheld pending approval by the boards of directors of the two companies. Gindy, a privately-owned company located at Downingtown, Pa., had sales last year of about $35 million.

Transport Leasing expanding in the tank-car field

Transport Leasing, the car-leasing division of Pullman Inc., is going into the tank-car leasing business. Division President Arthur L. Berry says initial contracts have been entered into with Ethyl Corp., Koppers, Allied Chemical and Hooker Chemical, for full-service leasing of cars ranging in capacity from 16,000 to 23,500 gallons. Cars will be built by Richmond Tank Car and Manufacturing Co.

Railroads uneasy over challenge by ammonia pipelines

Pipeline companies are reported to be planning to spend $165 million in the next few years to build anhydrous ammonia pipelines, and some railroads see a real threat to their traffic. Three big pipelines are being planned from the Gulf Coast-Texas area to the midwest agricultural region where fertilizer is used. The lines could revolutionize ammonia handling. The chemical is now hauled by rail, barge and truck. Some railroads are planning to cut their rates for train-load hauls to forestall construction of the pipelines.

Northwest buys large share of Home Insurance

Northwest Industries, Inc., announced May 22 that it had acquired 9.6% of the outstanding stock of Home Insurance Co. of New York. Northwest is the Chicago-based holding company that owns more than 96% of Chicago & North Western. At current market prices, Northwest's insurance acquisition is worth $30 million. And it won't stop there—Ben Heineman, Northwest president, says his company will offer the remaining Home stockholders the opportunity to exchange their shares for Northwest debentures and common stock. Home Insurance is an all-line carrier whose 1967 volume was almost $500 million.

MoPac looking hard at merger prospects?

Missouri Pacific has been bidding for control of Santa Fe, against opposition down the line from Santa Fe. Now, indications are that MP is seriously exploring other possibilities too. By one report, talks are being held which involve MP with two other major railroads.

Thermo King customers advised on tax refund

Customers of Thermo King Corp. who are eligible for an excise tax refund from the government should fill out the necessary consent forms as soon as possible, the company said last week. The forms are being distributed by Thermo King. The refunds follow six years of litigation by the company and an agreement with the Internal Revenue Service that truck and trailer refrigeration units are no longer subject under any circumstances to the 8% federal manufacturers' excise tax.

New York shippers petition against rail rate hike

The ICC has been urged to suspend the scheduled railroad freight rate increase by the Shippers Conference of Greater New York. The increase is to be effective May 27. The shippers group said granting the proposed rate increase prior to full investigation would be unreasonable. It criticized the ability of the railroads to "divert capital into diverse fields," and suggested that "a deliberate condition of capital shortage and minimal earnings could be created."

MONDAY MORNING REPORT

HOW TO GET OUT OF THE JUNK TRADE

Nobody could really argue with Canadian Pacific Vice President G. H. Baillie, when he calls last year's freight-loss-and-damage payout "probably the greatest junk-purchasing program of all time." Nobody could deny, either, that "drastic action" may be needed, if this kind of waste is to be prevented. And Baillie is saying what a lot of people are quite probably thinking: That an honest reassessment of the situation may be the biggest single need.

LOSS AND DAMAGE: NOT JUST HARDWARE AND MECHANICS

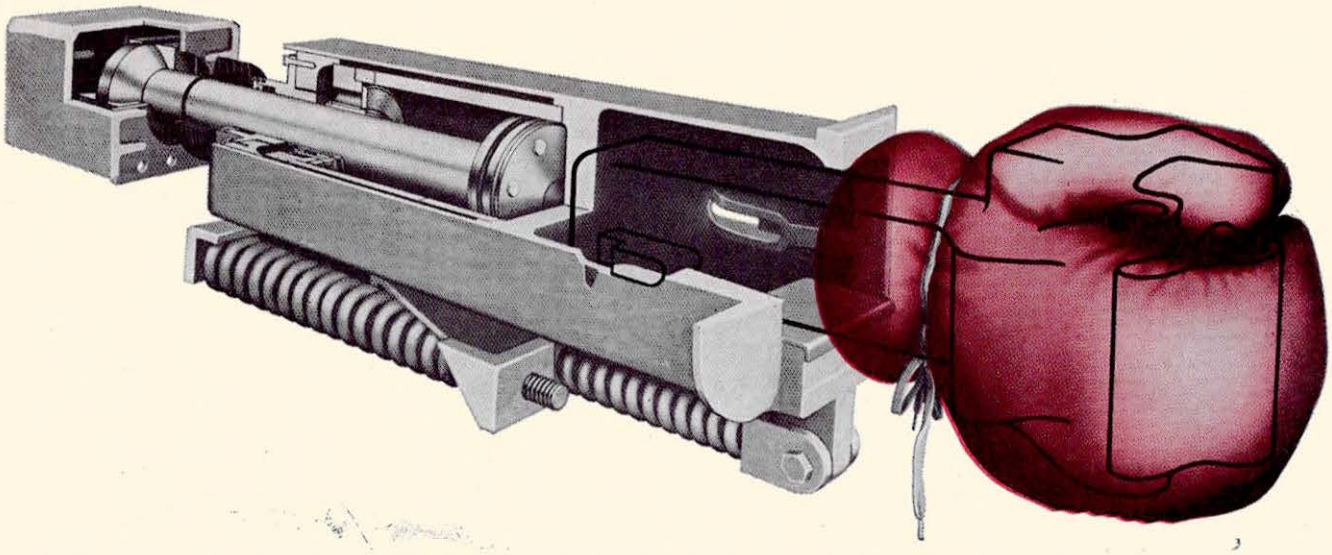
CP's vice president is concerned about the effects of rail operation on damage. He is concerned about the "deterioration" of packaging protection given to many items of freight shipped today. Significantly, he is concerned about the basic relationships between carrier and shipper and receiver—and how they may be contributing to the appalling L&D cost.

CLAIM-HANDLING: THE OLD WAYS HAVE TO GO

The time has come, Baillie declares: "We must face the facts. It is no use, continuing with the old method of the shipper saying everything was perfect when shipped, railroaders saying there were no exceptions noted in handling, receivers saying the freight arrived damaged—and freight claim agents paying the claim without their being aware of the actual damage responsibility. Traffic cannot be bought by paying claims. We must reassess moral values in our dealings with each other."

FOR L&D PREVENTION: WHO CAN HELP, AND HOW?

Baillie laid this grim message before a concerned audience—the AAR Freight Claim Division and Freight Loss & Damage Prevention Section. And he got down to specifics as to what might be done by all concerned: Shippers, paying more attention to packaging and loading; consignees, making sure that their employees are not protecting themselves and blaming railroads for unloading or warehouse damage. And railroads? CP's vice president cited the usual points on suitable equipment and careful handling. Then he added: "Railroads must find ways and means of ensuring that any failure is paid for by the negligent railroad. Pro-rating of claims may have been good enough for the past 100 years, but it is not good enough now. . . . Railroads must do more to advise and work with industry in packaging and loading problems. Railroads must find out the real reason and cause of any damage and correct it immediately." And is there one other vital factor to consider? Baillie thinks there is: Senior management must take a personal interest.



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FreightMaster is 10 years ahead.

Circle 7 on coupon page 84

If your truck fleet is propagating faster than profits...

MoPac can help you cut equipment costs back to size.

As gross volume increases, it's easy for your motor fleet to escalate out of proportion to net revenues. And if it seems you've become more of a motor carrier than the manufacturing company you intended to be . . . it's high time we got together.

Take our Piggyback Plan III½, for example. You pick up *our* trailers, load and return to our Piggyback ramp. We transport them to the destination ramp where you arrange for local delivery. Or, for an additional charge, we'll also provide pick up service at point of origin, and delivery at destination.

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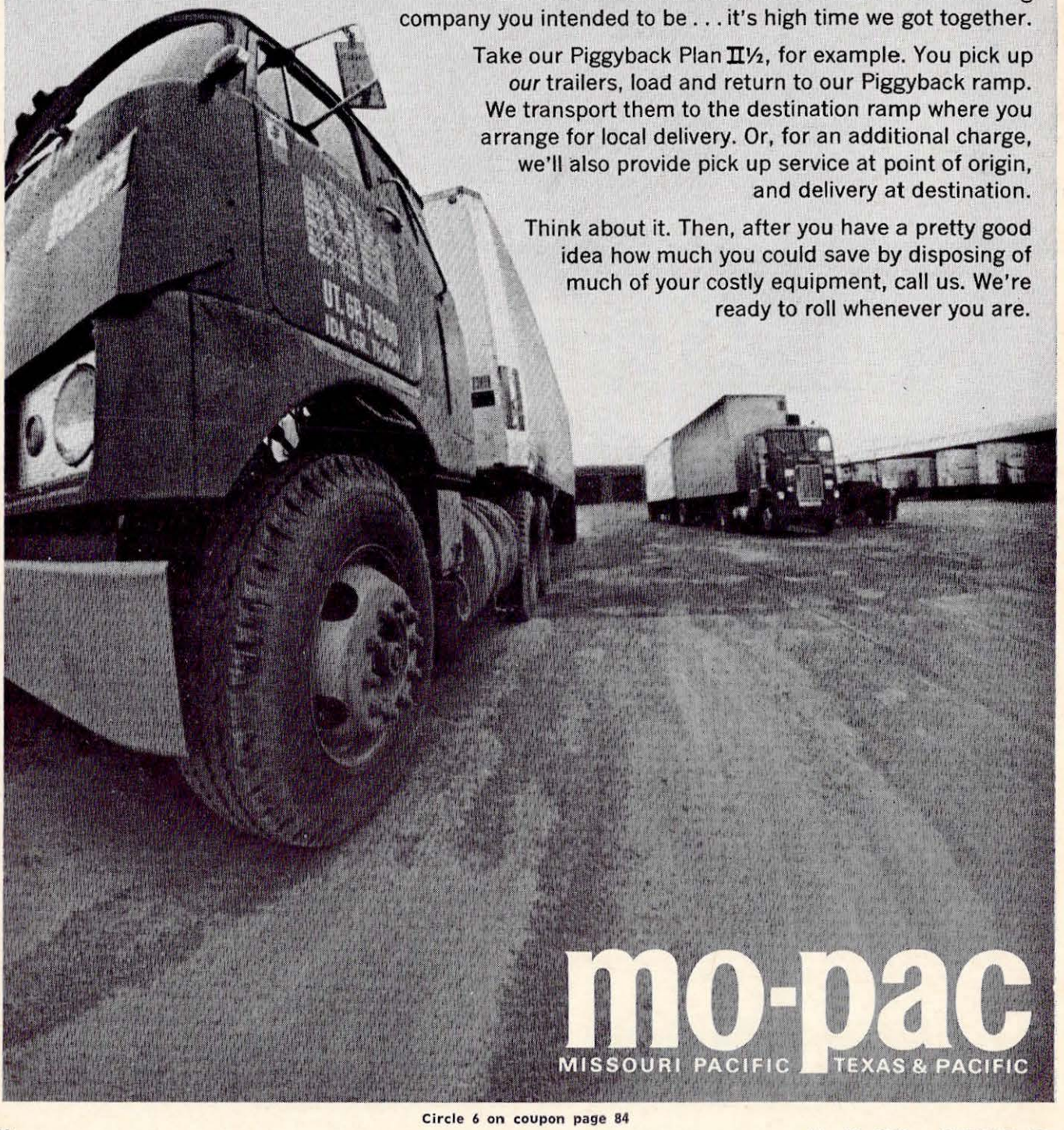

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MISSOURI PACIFIC TEXAS & PACIFIC

Circle 6 on coupon page 84

WEEK AT A GLANCE

Two more unions accept "pattern" labor settlement

New-contract agreements have been reached with another pair of railroad unions—the Brotherhood of Maintenance of Way Employes and the Hotel and Restaurant Employees and Bartenders International Union. Terms provide for general wage increases of 3.5% on July 1; 2% on Jan. 1, 1969; and 3% on July 1, 1969. Both unions agreed on a moratorium on new wage-rules demands until Jan. 1, 1970. The new settlements follow the general pattern established in an agreement reached earlier with the Brotherhood of Railway and Airline Clerks, which also accepted a moratorium provision as did the American Train Dispatchers Association. J. P. Hiltz, Jr., chairman of the National Railway Labor Conference, said he's gratified at the growing acceptance of the pattern settlement, but "disappointed that some have recently given indication that they will hold out in an effort to obtain more than their fellow unionists have obtained."

CLASS I RAILROADS IN THE UNITED STATES
For the 1st Quarter 1968

	1968	1967	Percent Change
Operating revenues	$2,610,006,936	$2,539,239,906	2.8
Operating expenses	2,079,384,060	2,028,989,619	2.5
Tax accruals	231,418,650	233,799,468	d 1.0
Rents (net debit)	151,250,310	131,098,801	15.4
Net railway operating income	147,953,916	145,352,018	1.8
Rate of return*	2.46%	3.63%	—
Net income (preliminary)			
United States	110,000,000	121,690,309	d 9.6
Eastern District	3,000,000	15,775,050	d 81.0
Southern District	27,000,000	30,799,814	d 12.3
Western District	80,000,000	75,115,445	6.5

d — Decrease *For 12 months ended Mar. 31

A disappointing first-quarter showing

Net income for the nation's railroads in the first quarter dropped 10% from the corresponding period last year, the AAR announced last week. The net—after recording a decrease in outside, nonoperating income and providing for increased interest charges—amounted to $110 million, down from $122 million a year ago, and 36% below the $172 million earned in first quarter '66.

Net operating earnings of the railroad's in the first quarter show that the 3% freight rate increase granted last year is proving inadequate to cope with accelerating inflation. Net earnings from railway operations increased by less than 2% over the low earnings of last year's first quarter.

Of 77 Class I railroads, 20 had deficits in the first three months of the year.

New LBJ airport, air-user tax plans go to Congress

Latest versions of the Johnson Administration's airport and airway user tax programs were submitted to Congress last week by Secretary of Transportation Alan S. Boyd. They are designed to end the federal-aid airport program and bring user charges substantially closer to the cost of maintaining the airways.

The proposed user charges would impose a new tax of 8% on airway freight bills, and raise the present passenger ticket tax from 5% to 8%. This proposal also contemplates that the commercial air carriers would be relieved of fuel taxes, but fuel taxes on so-called general aviation would be raised gradually until they reached 10 cents per gallon in 1972. They would also apply on jet fuel as well as gasoline. Present aviation fuel taxes apply only on gasoline, and the general-aviation rate is 2 cents per gallon.

As to airports, the present system, which is on the pattern of the fund-matching highway program, would be supplanted by a loan program. Here the proposed legislation would authorize up to $1 billion in federal loans for development of airports "which are potentially viable but which for loans in the private market cannot be obtained on reasonable terms."

This bill would also authorize grants of up to 50% of the cost of airport projects related to landing areas and safety facilities for the federally-subsidized local air carriers.

Biaggini gets new position on SP

Southern Pacific announced last week that President Benjamin F. Biaggini has been named chief executive officer. Donald J. Russell will continue as chairman.

GUS WELTY

LINES ON LABOR

WILLIAM PARKER KENNEDY had been gone from the management-labor wars for more than half a decade. Two weeks ago, at 76, he died in Minneapolis—far from the scenes of his past triumphs and travails. He was what might be termed a militant moderate—a man who, by design and possibly even by accident, played the key role in the structuring of the whole work-rules dispute, from 1959 right down to today.

KENNEDY WAS PRESIDENT of the Brotherhood of Railroad Trainmen from 1949 until new age rules forced his retirement at the end of 1962. His first brush with national prominence came early, in connection with a 1950 dispute which wound up with government seizure. But it was the final years of Parke Kennedy's tenure which had the real and continuing impact on management-labor relations.

BY TWO ACTIONS, Kennedy set events in motion. First, he agreed to align the BRT with the other four operating brotherhoods in a united-front defense against railroad attempts to update work rules. Second, he chose to fight for reelection as BRT president in 1960, against substantial opposition. By the first action, he struck a blow for solidarity. Union people now will also privately observe that he locked the BRT into a losing effort, and that the current unpleasantness between union and carriers is a legacy of that united-front decision. By the second action, Kennedy gave opportunity to a tough and ambitious but fairly low-ranking union vice president, Charles Luna. Luna seized the opportunity, and the rest is becoming history.

THAT 1960 CONVENTION is one which BRT people will not soon forget. For a time, the insurgents showed power. Then a greater power made itself felt. Kennedy, at 68, was reelected—but under new rules, he faced retirement at 70. And whoever was elected assistant to the president would automatically succeed to the presidency Jan. 1, 1963. Three men were in the running—W. J. Weil, insurgent leader who lost his try to unseat Kennedy; V. W. Satterwhite, the incumbent and an administration supporter; and Luna, who had been a BRT vice president for just six years. On the second ballot, Satterwhite's strength went over to Luna—and the BRT had its heir-apparent, firmly entrenched, waiting for '63. Luna was credited with organizing the administration bloc. None could deny that he did the job well, least of all Parke Kennedy—who went quietly into retirement, as scheduled, leaving a new militant in command.

Lang has rough day defending DOT safety bill

The job of explaining the Department of Transportation's railroad safety bill before the House Committee on Interstate and Foreign Commerce proved a tough one for the Department's Federal Railroad Administrator, A. Scheffer Lang. Appearing as the first witness when the Committee opened hearings on the bill last week, Lang was confronted by several Committee members who were there to air their resentments about a recent speech by Secretary of Transportation Alan S. Boyd.

The Boyd speech, made May 10 in Denver, criticized the Committee's version of a pending pipeline safety bill, calling it "worse than an empty gesture . . . a dangerous deception." The Committee's chairman, Representative Harley O. Staggers, (D.-W.Va.) addressed himself to this Boyd comment before letting Lang make DOT's presentation in support of the bill, which is HR.16980.

As Staggers interpreted the Boyd comment, it included an assertion that the secretary finds himself in the "disturbed position" of doing everything within his legal power to "undo the work of this Committee." Staggers went on to refer to the constitutional separation of legislative and executive function. He then recalled what he considered a previous DOT departure, adding: "It seems to be our repeating experience . . . that the Department feels that it is up to the Department to dictate rather than suggest what should be done . . ." Later on, another committee member said Boyd should have been at the hearing—"if he wants the bill he'd better come down here and stand up for it." Lang said the secretary had a long-standing commitment which precluded his being on hand.

Meanwhile, Chairman Staggers had told Lang he expected an explanation of why DOT had come up with a railroad bill having provisions different from the pipeline bill which the Department does support. The explanations did not satisfy the chairman, and he once asked Lang if the FRA administrator had read the railroad bill before he came to the hearing. Lang said he had, but another Committee member broke in to say Lang had made an "ineffectual presentation" which "doesn't answer a single question." This complaint came from representative Donald G. Brotzman (R-Colo.). ■

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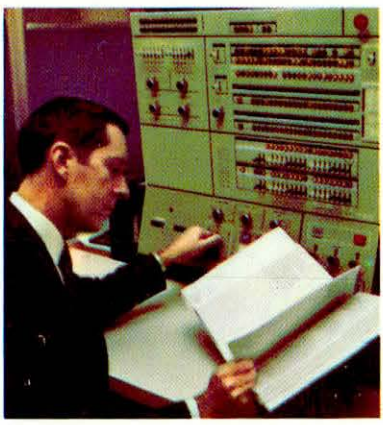

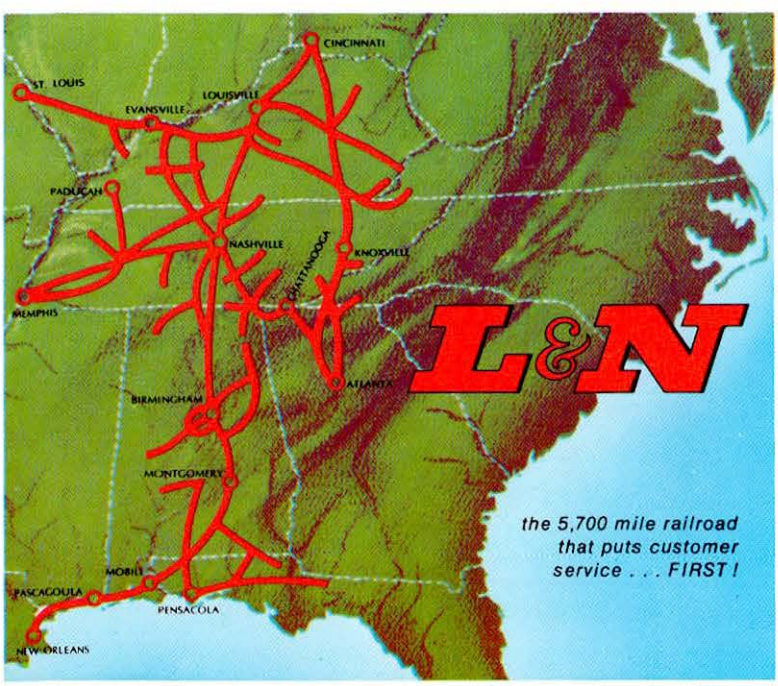

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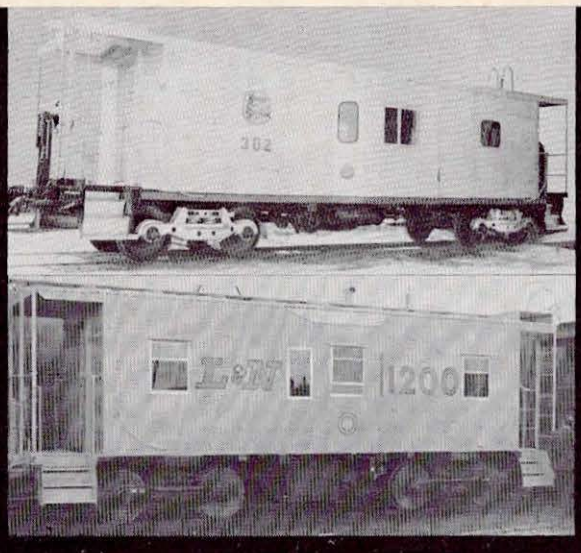

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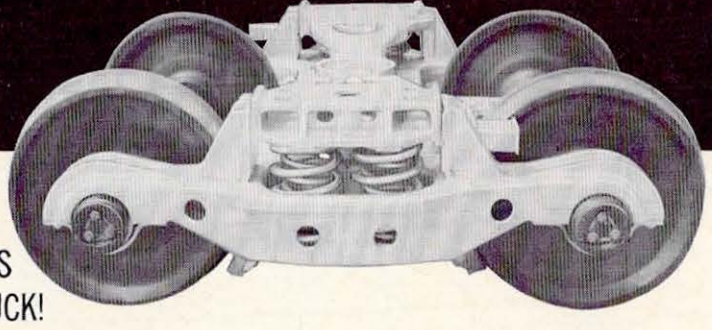

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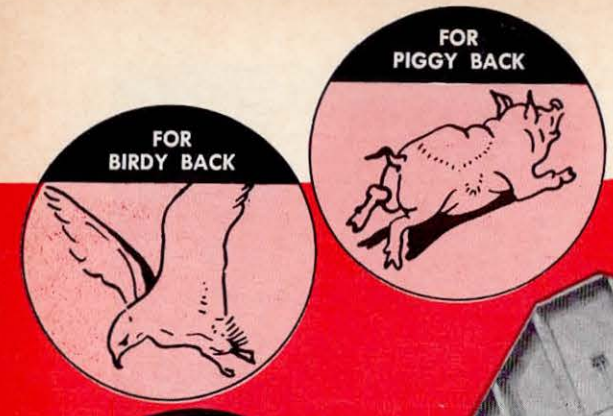

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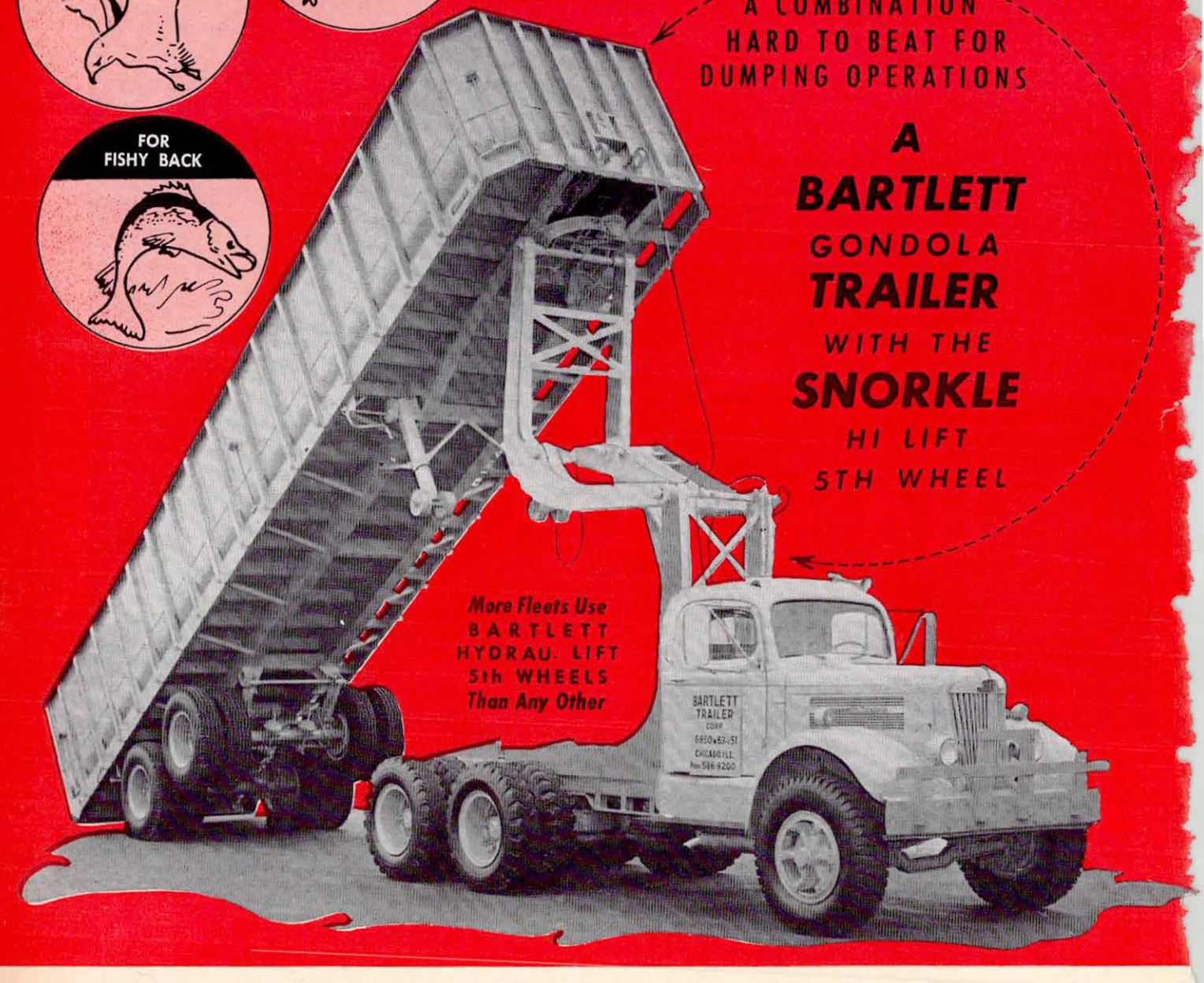

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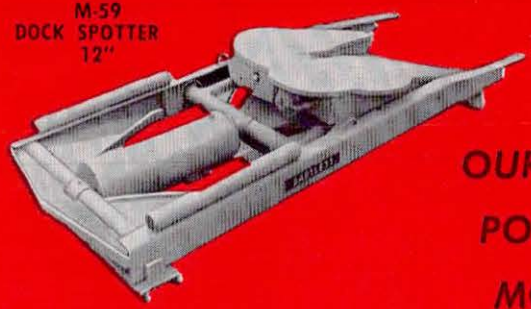

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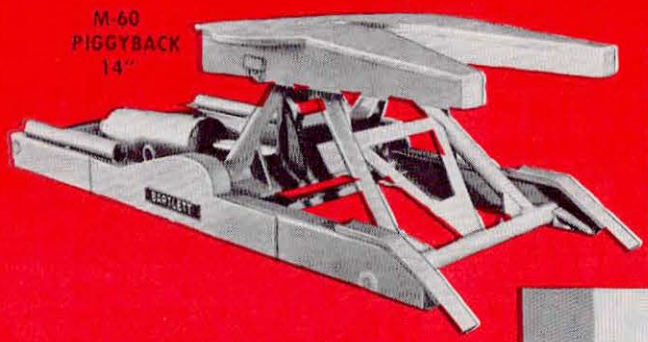

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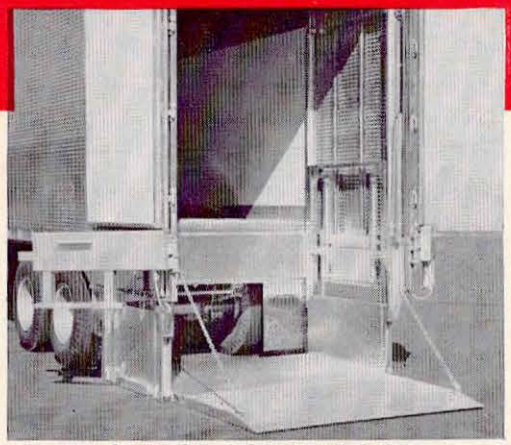

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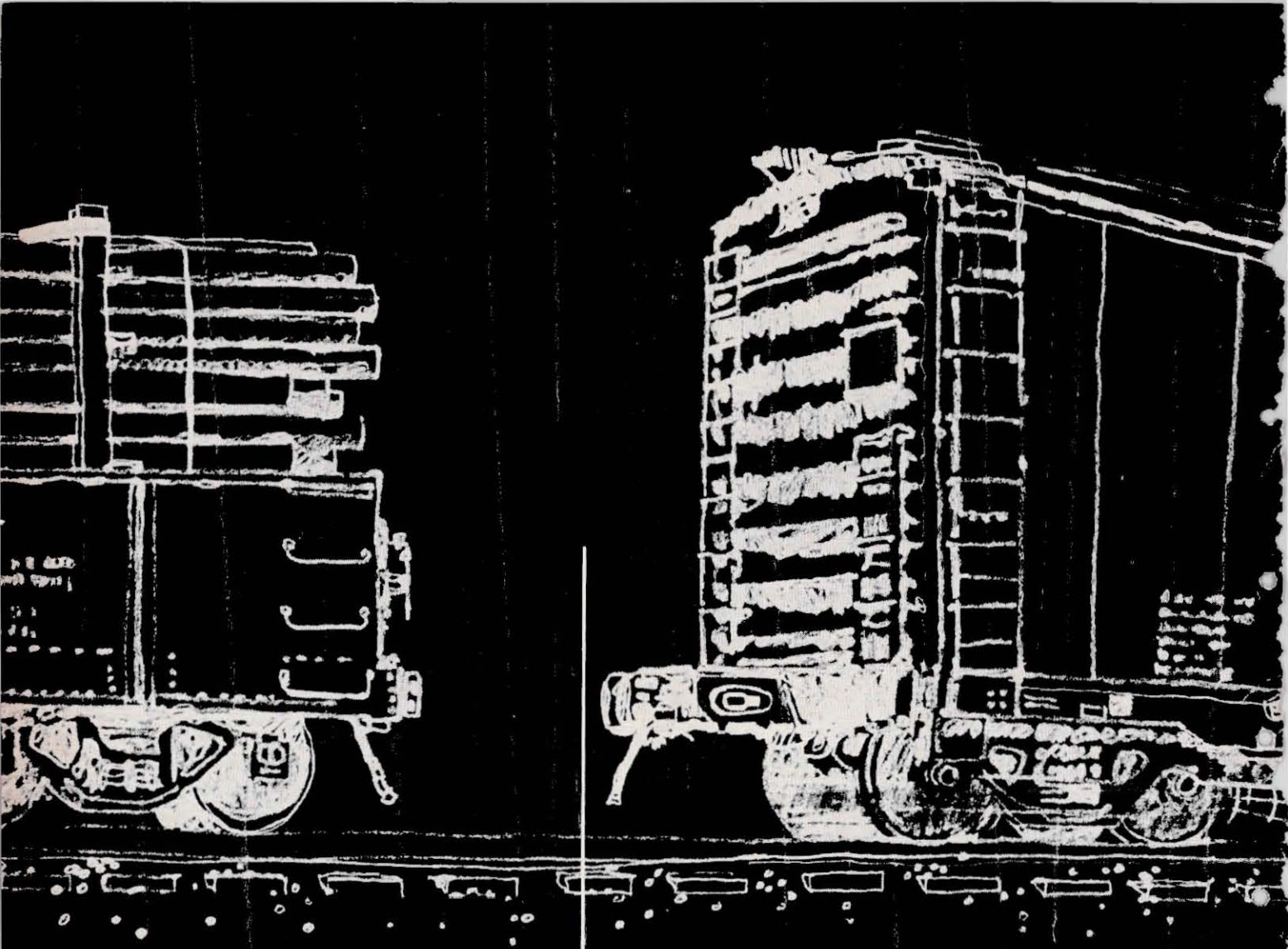

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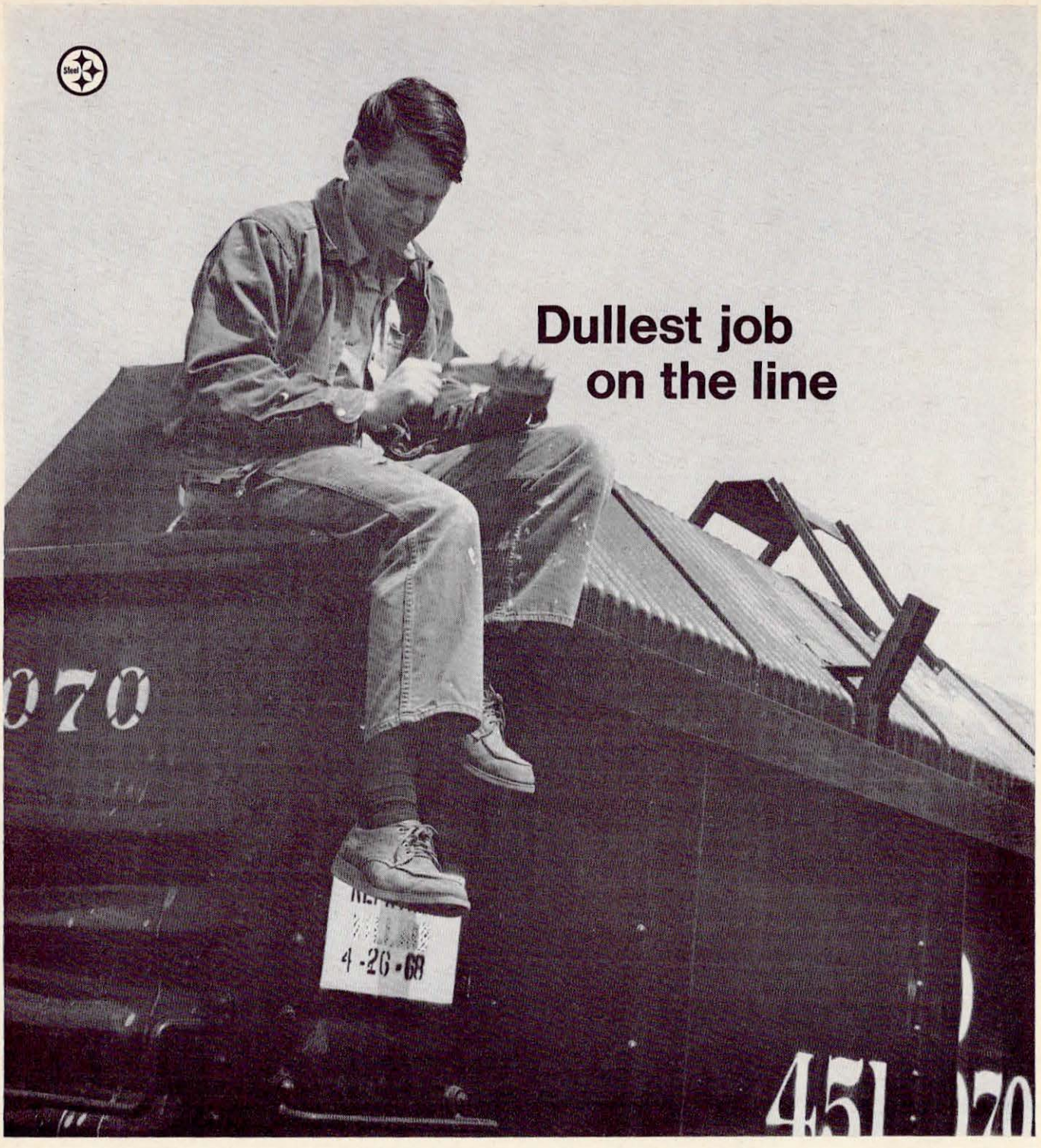

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A TIME FOR PROBLEM-SOLVING
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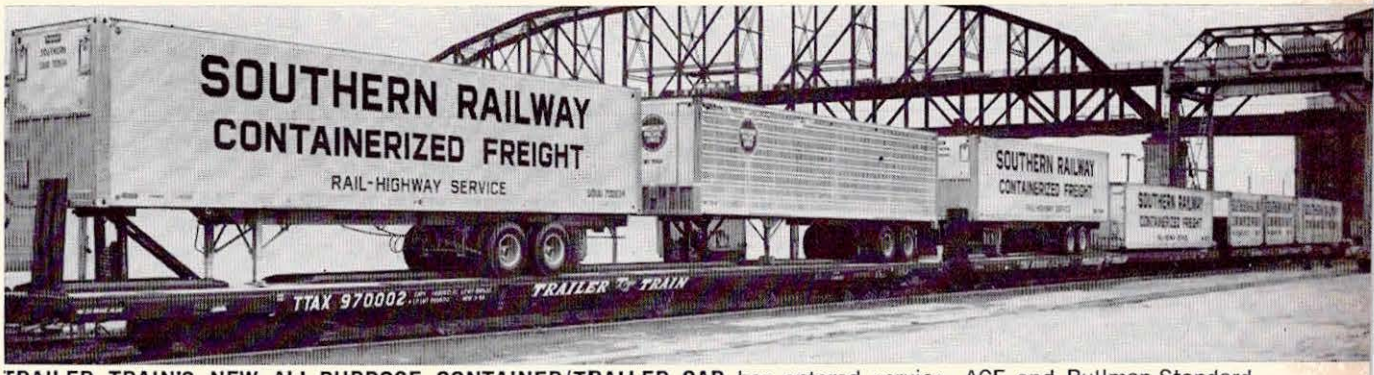
- **How can top quality service be maintained?**
- **Where is the big potential for growth?**
- **What sells a shipper on piggyback?**
- **How can railroads help each other?**



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By GUS WELTY, Senior Editor

Those steel wheels are rolling again, as they haven't in more than a year—the steel wheels rolling under load after load after load of trailer and container traffic.

By the numbers, TOFC/COFC business is up sharply. The current rate of growth is a healthy 11%, 1968 compared with '67. In just four months this year, piggyback carloadings were up by more than 45,000. That's a greater absolute increase than was registered in all of 1967.

Clearly, piggyback seems to have shaken off the slump which dropped its rate-of-growth under 4% last year. But the statistical comeback is only half the TOFC/COFC story. The other half is less easily measured, less easily catalogued. It involves the thought processes of men—and the nation's top piggyback traffic and operating officers these days are an extremely thoughtful bunch.

The experience of last year was, in many cases, a sobering one. Again by the numbers, '67 wasn't a bad year: Piggyback did grow, at a time when just about every other aspect of railroad business seemed jinxed. But the break in the growth curve did tend to lay open a number of problem areas.

● **Where the problems are.** Among the many questions being pondered today:

—With increased and increasing volume, how can the industry maintain the quality of service shippers are demanding? Is too much success spoiling a good thing?

—Can piggyback escape the terminal-congestion problem? Is relocation of terminals an answer? Are new studies of loading/unloading methods needed?

—If piggyback is going to do more than just share in an expanding economy, new sources of traffic must be opened up. Where are they? And how can they be developed?

—How much potential business remains untapped because of an inability of railroads to get together or, just as important, because of a lack of coordination between railroads and other forms of transportation?

A Railway Age survey, keyed to these points, shows wide variations in opinion. One thing it does not show is any degree of complacency on the part of major TOFC/COFC carriers.

Talk about service, for instance, and you come up with as many ideas as there are people talking. Piggyback sales and operating officers will cite chapter and verse on such areas as the availability of equipment

and the real-time control of equipment, the need for tighter control to insure that expedited schedules are maintained, the development of better inspection procedures, and the need for improved coordination on interline movements.

● **Service—and the terminals.** Always, the terminal problem looms large. And there seems to be an increasing emphasis on unit-train operation applied to piggyback—as a means of better handling increased volume over-the-road and, importantly, as a means of avoiding at least some of the terminal-delay problems.

It was not so many years ago that the solid piggyback train was an eastern-road phenomenon. But the idea has spread, and fast, and some of the strongest advocates today are based southeast and southwest. Louisville & Nashville's director-piggyback traffic, David F. Jones, calls for "direct interchange of unit trains, with through movement at intermediate terminals." J. W. Plant, assistant vice president of Seaboard Coast Line, declares that "between high-volume points, dedicated piggyback trains must be operated to eliminate switching delays at intermediate points." F. R. McVoy, vice president-sales of Missouri Pacific Truck Lines and Texas & Pacific Motor Transport, sums up the principal service-improvement need in one terse comment: "More all TOFC/COFC trains."

In the whole area of service—with particular emphasis on terminal performance—there is a lot of soul-searching going on. The problems are financial and philosophical, mechanical and geographic.

● **The need for change.** H. S. Ownley, Rock Island's general manager-TOFC, puts it bluntly: With the tremendous increases in piggyback traffic, "many rail carriers now find themselves faced with the necessity of making major operational changes. Circus ramps that were more than adequate two or three years ago are now taxed beyond capacity. The resulting congestion means extra switching and delays in getting trailers grounded or loaded out—and all of this leads, in turn, to increased operating cost and general customer dissatisfaction. . . . This period of over-taxing existing facilities has, no doubt, had many shippers questioning the intent of the railroad industry to continue its growth through continuing good service."

As Ownley points out, a number of roads are converting terminals to crane operation, or at least supplementing ramp operations with overhead and/or side loading/unloading facilities. But these projects take time: "Additional track and circus ramps can be installed in a relatively short time, but a major crane operation could require a minimum of four months and could conceivably require a year or more before it's 100% operational." These projects also take money: As a top TOFC officer on another western road puts it, "we know exactly what we ought to do, and where we ought to do it—but the question is, are we going to get the money to do it?" Finally, these terminal-improvement projects take space—and, in the end, the purely geographical requirements may be the real puzzler.

● **The real-estate problem.** More than a few TOFC/COFC terminals today—mainly "downtown" yards—are already scraping the fences, and there is just no available expansion room. Even a few outlying piggyback facilities are coming close to the property lines, usually after one or two or even three expansions.

Relocation would seem to be the logical answer—relocation, or the opening of a second facility, with all the operational problems that this would probably involve. And in any case, talk of relocation brings on a series of opinions that are both strong and diverse.

There are—and apparently there can be—no fixed rules to go by. A sampling of today's thought on terminal-site selection is just that—a sampling, with no two theories quite matching.

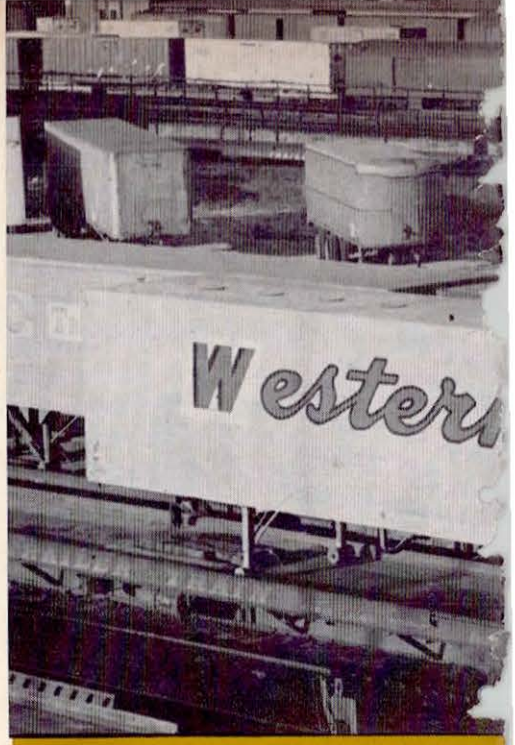
● **Where to relocate?** Northern Pacific Vice President-Traffic E. M. Stevenson, for example, points out that the need for additional terminal space may require location of piggyback yards "away from the metropolitan areas. But every effort should be made to locate adjacent to terminal train yards so that adequate, economical and expedient rail switching is available."

W. G. Luebke, Rio Grande's TOFC director, believes that terminal location away from metropolitan areas but adjacent to expressways "would be an excellent assist for fast spotting of cars and faster deliveries."

MP-T&P's McVoy, however, takes a somewhat different slant, on grounds that "terminals must be located as close to pickup and delivery areas as possible."

SCL's Jim Plant, along with several other top TOFC officers, stresses the need for keeping train yard and piggyback terminal together: "I don't believe we can get far away from our switching yards, except in those cities where the greater part of piggyback traffic is handled in trains which can be run directly to the TOFC facility for handling—and this would pose a further problem, if outbound traffic were not handled in a similar fashion."

Union Pacific's manager of trailer



The terminal problem: Expand in the city, or build in the boondocks?

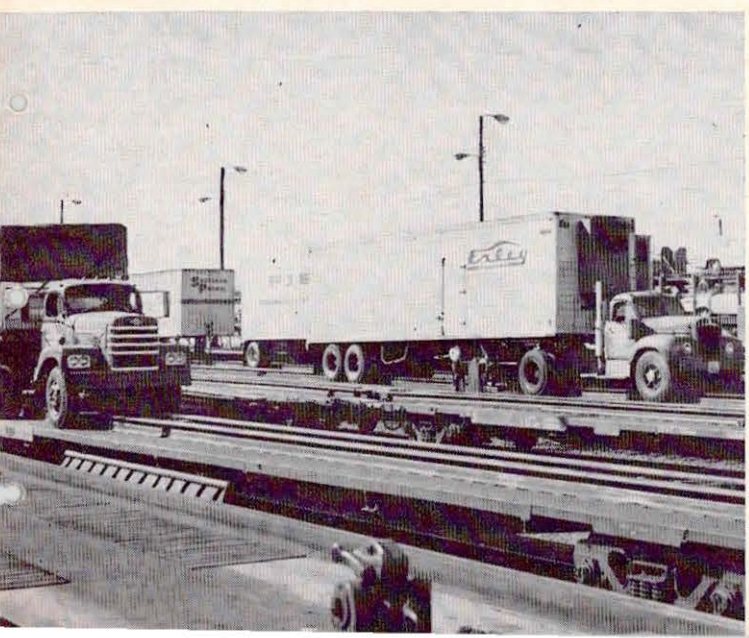
As TOFC/COFC grows, so grows the terminal problem. With volume increasing and with service demands increasing, fixed-facility planning is taking on new significance—from several angles, including both location and equipment. Will tomorrow's TOFC/COFC yard lie in the shadow of the skyscrapers, or will planners seek out the wide-open-spaces? That's going to depend on the kind of traffic handled, and decisions will depend upon individual circumstances. Will tomorrow's terminal circus-load or crane-load or use some other form of flexible on/off system? That, too, remains an individualized decision—based on time, space and volume.

ROCK ISLAND'S CHICAGO PIGGYBACK YARD is a downtown operation bordering on the Loop.

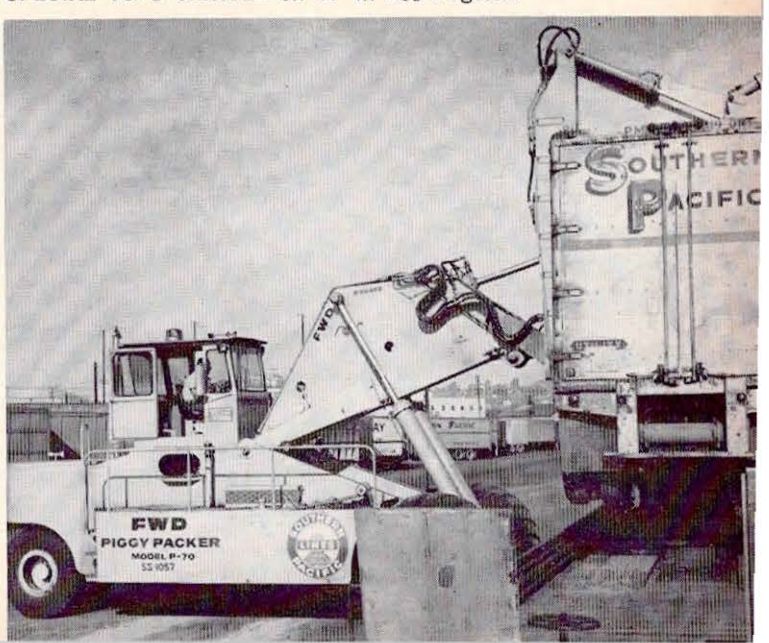
YARDS OUTSIDE CITY may be answer to congestion.

CRANE-LOAD system used by the Louisville & Nashville.

CIRCUS-LOAD operation on the SP in Oregon.



SPECIAL TOFC VEHICLE on SP in Los Angeles.



BIG NEEDS: IMPROVED TERMINAL DESIGN,

traffic, D. E. Ingman, stays flexible: "At some high-volume points, increased traffic flow can be handled by present facilities with the addition of hoisting devices—but at other points, new terminal designs will be required, to handle rising volume at reasonable unit costs. At some cities, it will be necessary to locate the facilities away from metropolitan areas but adjacent to principal expressways."

John A. Barrett, Norfolk & Western vice president-traffic, tends to agree—and he adds a further point: "TOFC/COFC terminals of the future can be located adjacent to expressways—just as major trucking terminals are being relocated to these arterial highways."

● **Consider the traffic:** Several TOFC/COFC officers divide the emphasis between operational aspects and traffic considerations. As Chicago & North Western's TOFC director, R. J. Degnan, puts it, "when the shipper does the cartage, he wants an in-town terminal—but, of course, you don't make up trains in-town. You might do all right on an outlying terminal on your own service, Plan II, but you might also be out-of-line in competition with a downtown terminal in cases where the shipper is providing his own cartage. Terminal location is an individual decision, depending on a lot of things, including the type of traffic you're handling, and the volume."

Frisco's W. R. Eilers, merchandise traffic manager and manager-TOFC sales, also emphasizes individuality in the decision-making process—with an example: Frisco's Irving, Tex., terminal serves Dallas and Fort Worth satisfactorily and it has room for expansion—but a relocation of the in-town St. Louis TOFC facility "would be unthinkable, unless we chose to operate two terminals in St. Louis."

Over-all, there is a strong body of opinion favoring improved terminal design—and still further development of equipment for selective loading/unloading.

● **How about the machinery?** N&W's John Barrett makes a particular point in this area: "Loading/unloading devices that have proven reliability and performance factors must be developed to provide for less equipment damage as well as for reliable cycling capability."

But E. W. Wright, vice president of Chesapeake & Ohio/Baltimore & Ohio's Trailer Service Department, brings up still another aspect of the hardware-and-design problem: In his view, "the technical know-how and equipment currently available for terminal-handling is adequate. The truth of the matter is that many terminals are not using the most effective and efficient methods and equipment."

With all the concern expressed regarding road and terminal handling, it is obvious that most carriers are doing their figuring on a basis of continuing traffic gains. But where is the additional business coming from? Again, there is hardly a consensus.

● **The new-business debate.** From a major piggyback operator in the West comes a firm opinion: The big potential lies in capturing the LTL business from the motor carriers—LTL business which accounts for a high percentage of truckers' revenues. We could, this westerner says, "go after that business tomorrow, with what we have and what we have to offer."

Small shipment potential

From an equally substantial TOFC/COFC operator in the East, however, comes this view: "Motor carrier long-haul LTL is not as substantial in volume as might be believed. Long-haul increases in TOFC/COFC volume will come from the expanding economy of the nation, from highway carriers and from business now moved in conventional rail equipment. As the railroad industry improves its efficiency, shorter-haul traffic—of which there is a substantial amount—will be handled in this type of service. Now, small-shipment traffic is available, in significant quantities, through the Post Office Department, REA, freight forwarders, shipper associations and consolidators."

Most roads see small-shipment potential in a similar light. Another of the West's biggest TOFC/COFC carriers sees LTL business riding the rails through Plans I, II½, III and IV. In few areas is there hope for a breakthrough in the LTL business directly. K. L. Schramm, Burlington's manager, merchandise-TOFC traffic, sums up a majority feeling with the comment that "there would be difficulty, at least at present, in capturing LTL shipments from the truck lines. Most railroads have divorced themselves of LCL traffic. . . . To again gear ourselves to small-shipment operations would require additional study."

● **Shippers will act?** One of the more tart comments on LCL or LTL comes from a recent merger participant: "With the large rail systems being created by merger and with the use of piggyback service, railroads could capture a sizable portion of the small-shipment traffic—provided rail managements were dedicated to doing the job of developing this type of traffic. At this time, I see no such attitude, and I'm not encouraged to believe that I will see it. But, as truck LTL charges mount, a greater number of shipper associations will probably be formed—and, no doubt, piggyback will be the primary line-haul transportation for these groups."

NP Vice President Stevenson is also looking at the shipper-association situation: "Substantial inroads can be made into motor-carrier LTL traffic by encouraging the growth and development of shipper associations. . . which can provide the consolidation and distribution functions and tender volume shipments which the rail carrier can most efficiently handle in line-haul service."

Elsewhere around the country, Frisco sees Plan V as top-ranking in traffic potential. MP-T&P thinks railroads have a shot at the LTL business, and points out that "those railroads remaining in the small-package business at rail rates or through Plan V arrangements have the greatest current potential to increase TOFC/COFC loadings with volume loads of small-package freight between larger terminals."

Western Pacific's TOFC manager, C. G. Hartje, Jr., looks for gains from intermodal through-bill service, with LTL-LCL coming via Plans I and V. N&W people point out that "railroads can join the various truck lines through joint motor-carrier tariff participation, and participate in LTL freight for which the drayage and consolidation is done by the motor carrier at the terminals. . . . The flexibility of Plan V and new pricing and marketing concepts should make this and other plans more attractive to shippers."

● **'Look at everything.'** Rock Island's Ownley, taking an overview of the situation, offers this thought: "All phases of present rail and motor-carrier traffic must be examined for potential new TOFC/COFC business. During the past decade, with a number of major railroads going out of the LCL business, the bulk of this traffic has been diverted to motor carriers and to

REA. But the motor carriers and REA are finding it increasingly more difficult to satisfy customer demands for service and still make a profit, or at least break even. The need for compensatory rates and service on this traffic is of increasing concern to the ICC and to DOT. Railroads can perform a useful function in helping all forms of transportation to find a solution to this problem, by handling trailerloads of LTL between ramp points for motor carriers under Plan I contract or divisional charges. Certainly, the savings effected by the motor carriers in their road operations would have an over-all effect on the profitability of this type of traffic.

"Additional piggyback growth should be anticipated through the expansion of Plan V. . . which unquestionably offers one of the basic forms of intermodal transportation. Through traffic on through rates utilizing both piggyback and motor-carrier services should increase considerably during the next few years."

In talking of growth, however, Ownley adds this note of caution: "More realistic pricing by the railroads of their piggyback services could convert an increasing amount of motor-carrier tonnage to a profitable rail operation. Meeting the existing motor-carrier rates, penny-for-penny, will not attract any quantity of motor-carrier business to piggyback. The shipping public must be given an incentive to change, and what better incentive to change than to pass on a portion of the savings effected by operating over the rails instead of over the highway?"

● **How about the container?** Shipper decisions regarding change also come up in another context, when TOFC/COFC people talk about the future: What's ahead for domestic freight containerization?

In the past, the container has been viewed as the ideal vehicle for import/export traffic. But, so the arguments have gone, the wheeled semi-trailer is the standard rail-highway vehicle in the United States, and shippers couldn't care less for containerization because they have no real incentive for caring.

Majority opinion probably still swings this way—but there does seem today to be a stronger minority. L&N, Burlington, MP-T&P, WP and Frisco are numbered among roads whose top piggyback people can see containerization developing for the home market, under certain circumstances.

NP believes the container "may become a very important factor for domestic traffic movement, especially in the area of high-density commodities . . . and for those commodities requiring fan-out distribution from a terminal in lots substantially less than full carload quantities."

C&NW's Ray Degnan thinks there is going to be transition to containerization, as more shippers become familiar with it: "It's going to be contagious to domestic traffic." And Union Pacific is having similar thoughts: "We're inclined to believe," Ingman says, "that containers will primarily be used for import/export traffic in one direction to and from West Coast ports. But as that volume grows, rail carriers will try to develop ways of using the returning containers for domestic traffic so as to achieve more profitable utilization of equipment. Greater flexibility in methods of handling containers must be introduced, since only a few inland cities are now equipped with hoisting devices."

● **A problem of persuasion?** Finally, from a major eastern road, there is a flat prediction on containers: "The use of containers in transporting domestic traffic will be adopted. The greatest problem to be solved now is to persuade railroad top management that use of containers is far less expensive than use of trailers."

Test cars to be watched

And coming up? The first revenue-service operation of the first Trailer Train all-purpose flat cars for trailer/container use—an operation which quite a few roads will be watching closely. Equipment, both road-haul and terminal, has been a problem of sorts in the past, most roads would concede —but TTX and Southern took on the first of the new all-purpose cars last week from ACF. Pullman-Standard's cars will begin rolling off the line in June. One of the mechanical objections to the mating of TOFC and COFC just could be on the way out.

What else ought to be on the way out? Interroad and intermodal differences holding back TOFC/COFC growth, as top TOFC/COFC officers see things. A full 75% of the men working with Railway Age on the current TOFC/COFC survey see these differences as a growth-restraint—and the opinions expressed range from the mild to the irate.

From one midwestern road comes the observation that "it's normal for carriers to protect what they consider to be their own best interests. And with something new, everyone feels his way along until a new basis is established. This conservative approach might be considered, in some quarters, as a lack of cooperation."

At the same time, an eastern carrier advances the opinion that "we will be delaying significant development until there is recognition by all railroads that the motor carrier is our competitor, that we must know our costs in performing service and be agreed as to those costs, and that the TOFC/COFC activity must not be treated as is boxcar activity in pricing, service and equipment."

● **The disturbing factors.** Specifically, on an interroad basis, SCL's Jim Plant points to "the cancelling or changing by one railroad of a train schedule worked out by several railroads—with no notice. Then you have the non-interest by some roads in traffic which gives them only a short haul and meager revenue—and this can prevent the establishment of rates and services which would capture traffic moving via truck."

Perhaps, Plant says, "we need to develop a greater degree of statesmanship so that all railroads look at situations in the light of the good of the industry as a whole, figuring that what may be given in one instance will be returned by the railroads involved or by others in other instances."

In similar vein, L&N's Dave Jones declares that "interroad rates, services and rules procedures and the inability of the carriers to resolve these matters promptly have retarded growth. New rate-making procedures and handling are a must. Agreements, policies and practices must be adopted industry-wide for uniformity."

Still talking specifically, MP-T&P's McVoy refers to problems related to claims liability on FAK rates, a lack of standardization on all TOFC/COFC equipment and what he terms "the individual railroad's vested interests." NP Vice President Stevenson cites the fact that "TOFC terminal costs are relatively high. Because of this, many railroads will not participate in joint arrangements where their division is very low, on account of their limited

line-haul—such as 100 or 150 miles. But this can generally be overcome by the establishment of joint motor-rail arrangements."

● **Meet, talk, solve.** Top piggyback people on several roads will note a problem and its possible solution, almost in the same breath. A. T. Johnson, Soo Line's manager-TOFC and container services, points to problems involving interroad inability to work out consistent interchange of equipment and coordination of schedules. But, he adds, there may be an answer "through education of all concerned, both management and train-service personnel, to know and understand the problems that arise." Katy Vice President-Sales and Service Frank J. Heiling says a "lack of uniform agreements, rules and regulations and standardization of containers has had its effect to a certain degree between some railroads and especially between railroads and other forms of transportation." But, he believes, "progress on all these matters is being made through various associations, and the situation will eventually be stabilized."

Speaking on the problems of the newest aspect of the business, Burlington's Ken Schramm calls it "apparent that the development of COFC is following along the lines of TOFC development with some rail carriers—that is, some carriers are more interested in themselves than they are in coordination with other lines. We feel that too many lines want to go their own way. But we also feel that these difficulties could be resolved through meetings, with all lines involved in an endeavor to accomplish true interroad cooperative arrangements."

This theme runs through many comments on the state of the TOFC/COFC art today: Problems can be solved, if people can just talk.

N&W's John Barrett, for instance, notes that "there are continuing joint efforts being made in resolving various problems. The increased activity of the AAR and the National Railroad Piggyback Association in bringing together various segments of the TOFC/COFC business for open discussion—to the profit of all concerned—is indicative of the joint efforts being made by most carriers." Barrett also points to somewhat similar efforts on the intermodal front. But, he adds, "due to the numerous aspects involved in rail, highway, forwarder and even air transportation, each mode must move cautiously in opening up and accepting the other modes of transportation. But I believe

HEAVY-DUTY RAMPS to Ponce deLeon permit fast loading-unloading.

Trailers or containers: The key is flexibility

The great trailer/container debate goes on. But it is becoming increasingly clear that for international as well as for domestic service, each type of freight-carrier will be playing a major role for years to come.

Among a number of items in support of the theory:

—The launching of a new, high-speed and high-capacity roll-on/roll-off trailership operation between New York and Puerto Rico.

—Improvements made by a major western railroad to give added flexibility to container-handling operations.

● **TTT and its trailers.** Most import/export freight-operation planning is geared to the development of true container-ships. But, given the right combinations of distance, speed and turnaround capability, roll-on/roll-off can come out ahead—and that is what Transamerican Trailer Transport is counting on with its $19-million S. S. Ponce de Leon.

This is a 700-foot, 25-knot vessel with loading space for 260 40-foot trailers. It is designed to make the 1,600-mile Staten Island-San Juan trip in 60 hours sea-time—and TTT is figuring on port turn-around time of just 12 hours.

Transamerican regards the ship as an extension of U.S. rail and highway systems, with the ability to carry any type of equipment now rolling in piggyback or over-the-road operations. To get the operation under way, TTT is leasing a fleet of 920 trailers—800 40-foot units from REALCO and 120 Transicold-equipped refrigerated trailers from Marine Trailers, Inc. The vessel has been in service only a matter of weeks —but, so reports go, there is already consideration of an expansion of the trailer fleet.

What's at stake with the Ponce de Leon? The opportunity to participate in a booming trade that is still far from its maximum development. By one estimate, carriers plying the New York-Puerto Rico route may have to double their capacity in the not-too-distant future, to keep up with the island's surging economy.

And what's ahead? Quite possibly, expansion of the roll-on/roll-off concept to other Western Hemisphere trade channels—wherever the speed/distance ratios work out right. And REALCO, for one, is not about to underrate trailer-ship potential in other services.

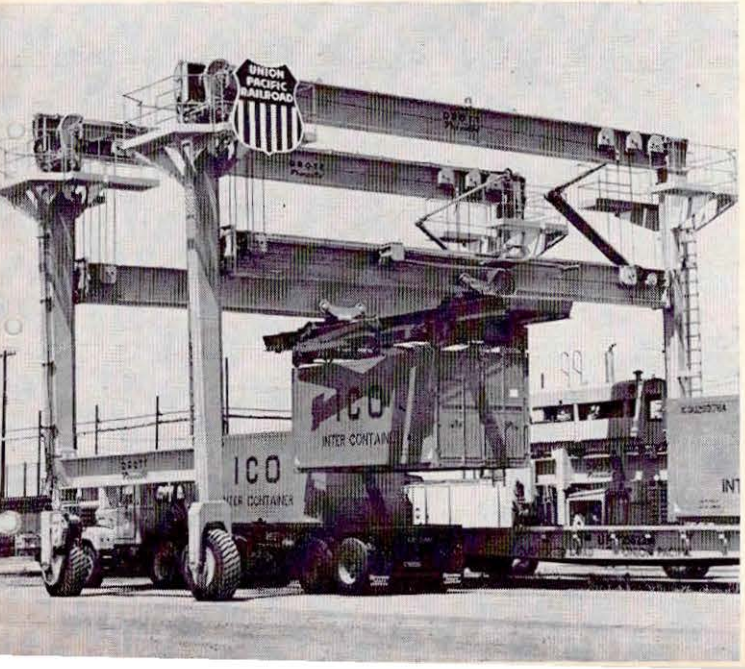
● **Containerization — anywhere.** Meantime, container traffic is also building up—and roads such as Union Pacific are jumping in with comprehensive terminal programs aimed at opening up new points to container service.

UP's most recent move involved installation of new container-handling equipment at East Los Angeles, Salt Lake City, Denver and Kansas City, Kan. For East Los Angeles, the road acquired a 40-ton Drott gantry crane equipped for top-lift of 20-to-30-foot containers and for bottom-lift of containers up to 40 feet in length. For the other three points, existing straddle cranes have been equipped with new-design lifting beams, produced to UP specs by Midland-Ross' RPC Division and capable of top-lifting 20- or 24-foot boxes.

Even before installing this equipment, however, UP had gone to a new tie-down device for marrying containers to more-or-less standard flat cars, as a means of providing container service to customers at points where lifting gear is not available. In this setup, the container does not leave the car. Boxes are loaded at each end of the car, with end doors facing inward—two 20-foot containers on a 53½-foot car, two 24-foot boxes on a 60-foot flat. Open floor area between containers thus provides ample space for maneuvering a fork-lift for loading or unloading.

It is not, perhaps, the most sophisticated container operation—but it is effective. As UP puts it, the capability is there for offering container service "to any industry served by industrial trackage, anywhere in the U.S."

DECK SPACE IS LAID OUT to accommodate maximum number of trailers and permit easy access by Commando units.



BUILT-IN FLEXIBILITY of UP's East Los Angeles gantry provides top and bottom lift capability.

NO CONTAINER-LIFT EQUIPMENT? UP provides customer service at any loading dock.

A BOOM IN TRAILER PRODUCTION AHEAD

the progress made thus far is indicative—of what can and will be progressed in the future."

C&O-B&O Vice President Wright puts the problem in a similar context: "TOFC/COFC development reflects the growing pains of any new endeavor. Each participant has his own peculiar and personal interests to satisfy within the over-all concept. A high degree of coordination and cooperation is required among and between carriers and shippers. Organizations have been set up or expanded to meet these needs. Definition of the problems and recommended solutions come from discussions, formal and informal, with shippers, carriers, equipment manufacturers and regulatory officials."

Further, Wright says, "an interested and talented news media performs a most valuable service in the dissemination of information. Most difficulties will be solved with greater understanding and communication between the interested parties."

● **Railroads at fault?** This plea for communication and understanding is echoed in the comments of Rock Island TOFC General Manager Ownley—who holds that "unfortunately, the development and growth of piggyback is being retarded to some extent by the railroads themselves."

Certain roads, Ownley says, "believe firmly in particular piggyback 'plans' and resist the development of others. Certain roads offer all plans, others offer very few. To many, a high wall still exists between motor carriers and railroads, and any attempt to combine the two industries operationally is practically a mortal sin."

Further, he says, "the lack of standardization of certain rules and practices causes the shipping public confusion and frustration. Such matters as free time, detention charges, trailer interchange and many others must and will be resolved within the next year or two. Once the railroads realize that the motor-carrier industry is here to stay and that ignoring it will not make it go away, they will be more receptive to sitting down and working out intermodal arrangements. Once this is accomplished, the shipping public can benefit from the services and economies offered by each mode. The railroads turned their back on the motor carriers 30 to 40 years ago—but they cannot afford to do it again."

● **And more problems.** It should be noted that this polling of opinion by no means exhausts the file of available subjects for debate in the TOFC/COFC arena. Left relatively untouched are such topics as:

—Whether trailers designated primarily for piggyback service and those produced mainly for over-the-highway use can be built to the same plans or whether significantly different design criteria must be considered.

—Whether the present ratio of 1.6 trailerloads per carload is good or bad, and if it is bad, what can be done to boost it.

—How to solve the problem of the one-legged piggyback flat car, the car with one good hitch and one bad. Car Department officers, in particular, find this problem a knotty one, as yet defying solution.

—How to regard TOFC/COFC from a value-of-service standpoint. Is it premium or is it a substitute for boxcar service, as some shippers say it is?

—How to determine what shippers actually want, from a speed/dependability standpoint, and what they are willing to pay for it. Santa Fe's "Super C" ranks as one of the most dramatic service breakthroughs of 1968, but despite the road's spotless service record and herculean sales efforts, indications are that "Super C" has been somewhat less than a financial success.

—How to keep loss-and-damage bills from mounting. Some roads sell piggyback, in part, as a damage-free way of shipping. At the same time, there are shippers who are phasing out their use of TOFC because of damage to lading.

—Whether TOFC/COFC is an ultimate in intermodal service or just a stopgap. There are, as it happens, people with rather firm beliefs that in three to five years, legislation will be enacted to permit railroads to be intermodal carriers in a true sense.

—Whether railroads TOFC/COFC sales efforts and customer demands are really meeting head-on. Shippers who like piggyback and use it tend to cite costs as a major factor in their decisions, railroad sales people tend to talk of flexibility of service. And some are muttering darkly about real costs and compensatory rates.

● **For suppliers, what?** Under the circumstances, suppliers could feel that they are being left in a dark room. But, while there is an understandable wonderment about railroad intentions with regard to most investment decisions, there is comparatively little where piggyback equipment is involved. Trailer Train can be depended upon to keep the car fleet in shape—and no voice has been heard to fault the TTX people on any basis, equipment quantity and availability or equipment modernization to meet demand.

Similarly, suppliers should be looking for a boom in trailer production. Units placed in service when the railroads hit the first big piggyback growth-period in the early 1960s will have to be replaced, and soon. A number of railroads are leasing equipment. Quite a number are looking at fast-replacement arrangements. It could be that the norm, in the future, may be a three-to-five-year service life for TOFC/COFC equipment—and that is probably quite a bit shorter than the life now assigned in many instances on owned equipment.

Over-all, if there is a bit of advice being passed along by the men running today's TOFC/COFC sales and operations, it is just this: Plan.

Nobody really expects that all the intermodal problems, or even the intramodal difficulties, will be solved tomorrow morning. But there is an air of confidence that solutions are not impossible.

● **For the future. . .** In any event, the figures—at close to the mid-point of 1968—look good for piggyback. International containerization is growing, and both eastern and western roads are beginning to taste the benefits. The so-called land-bridge idea is taking hold, and railroad people are helping it along. Government, so some say, is coming around to a realization that modes, as such, are less important than transportation—and if such thinking prevails, TOFC/COFC cannot help but benefit.

Even if no major changes occur in the make-up of transportation, however, it might be hard to get away from the TOFC/COFC argument advanced by Rock Island's Harold Ownley, in looking ahead:

"It would appear," he says, in what could be understatement, "that the major task facing most railroads today is to re-gear themselves—not only for present volume but principally for the anticipated volume increases projected during the next five to 10 years."

Based on the record today—and the prospects for tomorrow—no student of intermodal operations could really argue. ■

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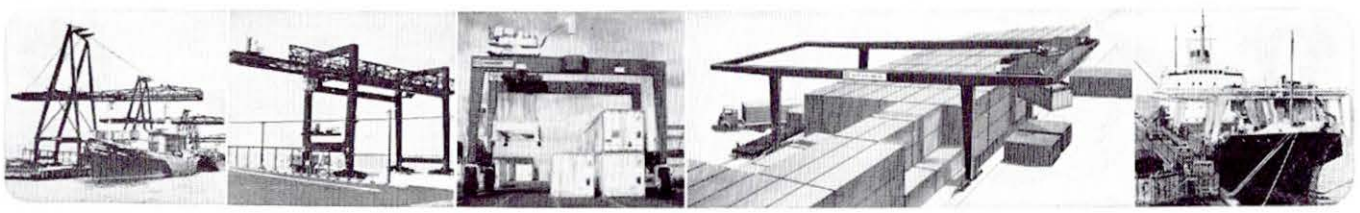

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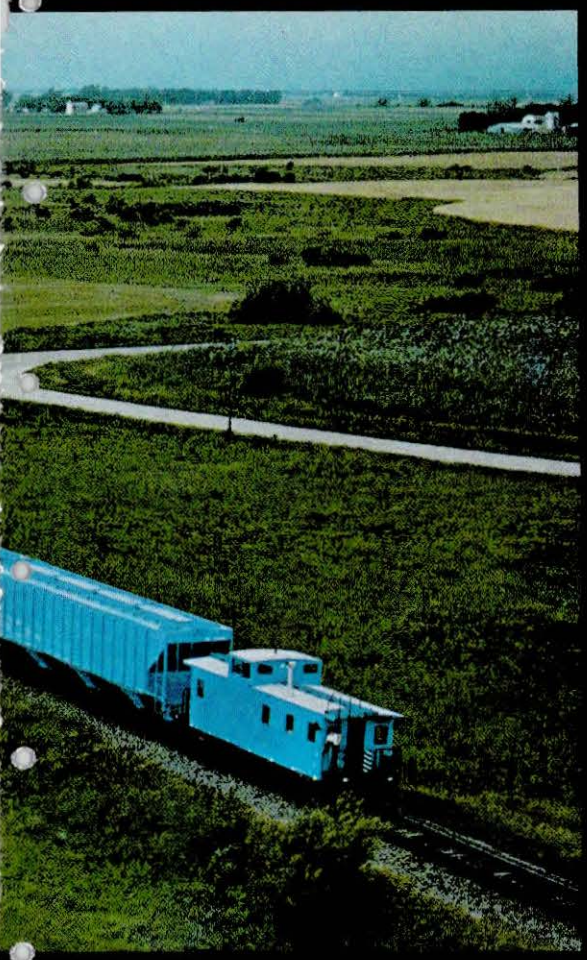

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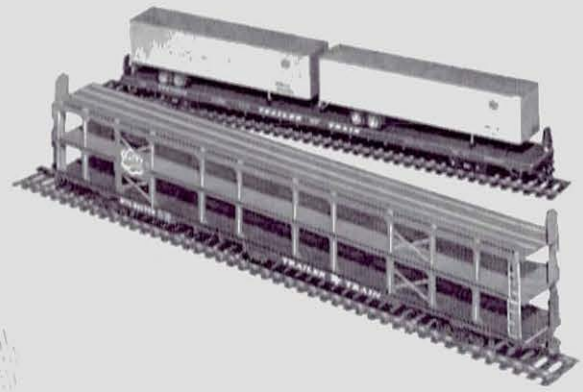

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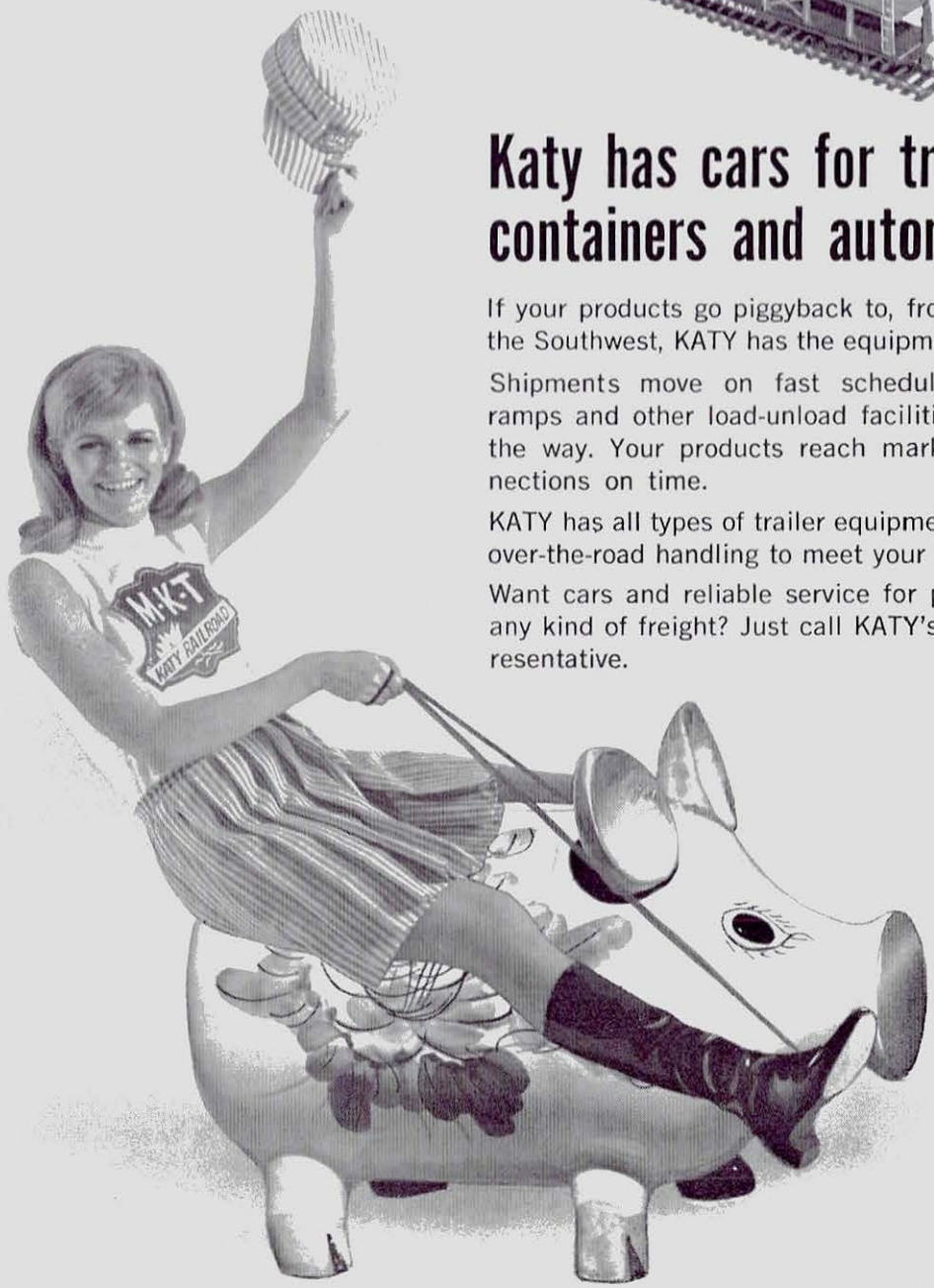

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MAY TRAFFIC POLL

(70 piggyback shippers participating)

WHERE THE BUSINESS COMES FROM . . .

Q. Was your piggyback traffic diverted from:

A. Conventional rail service? 45%*
Highway carriers? 55%

. . . AND HOW RAILROADS CAN GET MORE OF IT

Q. What would induce you to use piggyback to a greater extent?

A. Lower rates 52**
More uniform and reliable service 24
Faster schedules 22
Greater availability of equipment 11
Equipment better suited to your needs 10
Nothing—Already using at optimum 5

*Percentage of total trailerloads shipped in one year by all poll respondents.
**Number of mentions by poll respondents.

Shippers look at piggyback

And most of them like what they see. TOFC's pluses and minuses—as shippers see them—are explored in the May Traffic Poll.

Piggyback is the great transportation success story of the decade—but (railroad men often ask themselves) how great has that success really been?

In providing piggyback service, are railroads only competing with themselves (as was suggested recently by Lloyd M. Lanotte, president of T.I.M.E. Freight, who asserted that piggyback "merely means that freight has moved from rail box cars—to trailer—to flat car")?

In any case, has piggyback just about reached its full growth? Is the relatively small success of the last decade going to remain just that—a small success?

In a search for the answers, Railway Age polled 70 shippers who put about 60,000 trailerloads of piggyback business on the railroads each year. Their replies indicate that:

(1) T.I.M.E.'s Lanotte was wrong. A good bit more than half of these shippers' piggyback business was formerly the all-highway business of common and private motor carriers (primarily the former).

(2) Only five of the 70 shippers said they were using piggyback at the optimum. Nearly all want to use piggyback to a greater extent provided extra inducements—particularly in the area of costs—are offered.

• **Where it comes from.** "Without question piggyback has taken substantial business from the motor carriers,"

"DON'T JUST MEET COMPETITION — MAKE IT"

commented one industrial traffic manager, who reported he ships about 8,000 trailerloads a year by TOFC.

Another shipper, in the 900-trailerloads-a-year class, went further: "The bulk of our TOFC came right off the highway because of the lower rates available by use of Plans II½ or III."

In all questions involving shipment statistics, Railway Age agreed to hold the replies in confidence. But a typical breakdown of the source of piggyback traffic came from a Midwestern shipper of steel products who reported these diversions: 30% from box cars to trailers-on-flat-cars; 60% from highway common carriers; 10% from private highway carriers.

In only one case out of 70 did a major piggyback shipper report that all of his TOFC freight had been diverted from conventional rail service.

● **The case for TOFC.** What is the attraction of piggyback for shippers? Two key words keep recurring in the shippers' replies: cost and flexibility.

As G. E. Mayfield, manager of traffic for American Oil, Chicago, put it: "Piggyback has the economic advantage of rail, coupled with the flexibility of the motor carrier."

A sampling of other replies to this question:

"1. Service. 2. Cost. 3. Less damage." —Hugo Waninger, vice president, Anheuser Busch, St. Louis.

"More flexibility and better service than carload; cost is less than truck." —W. E. Harvey, general manager of transportation, Swift & Co., Chicago.

"Reliable all-weather rail service plus the convenience of door to door pick-up and delivery."—T. W. Anderson, rate analyst, General Portland Cement Co., Dallas.

"Piggyback vs motor carrier—rates. Piggyback vs box car—time and delivery where consignee has no private siding."—J. W. Cassell, district traffic manager, Reynolds Metals Co., Sheffield, Ala.

"Reduced transportation cost and good transit time."—W. F. Steininger, senior traffic auditor, Brunswick Corp., Chicago.

"Faster service than rail and, in some instances, lower rates than truck."—R. S. Keeler, general manager, transportation planning, Reynolds Metals Co., Richmond.

"Lower cost than direct motor, more flexibility than direct rail."—K. R. Drotter, senior traffic manager, Dow Chemical Co., Midland, Mich.

"Lower cost, coupled with dependable, competitive transit time."—Paul Gebhardtsbauer, transportation manager, Sun Oil Co., Philadelphia.

"Offers delivery to customers without rail sidings at lower cost than highway common carriers."—R. V. Peabody, general traffic manager, Smith-Douglass Division, Borden Chemical Co., Norfolk, Va.

"Cost over motor carriers—cost and service over box car."—H. P. Gabriel, general traffic manager, Hershey Foods Corp., Hershey, Pa.

"Service better than box car and handling safer."—H. R. Rogers, director of traffic, Heublein, Inc., Hartford, Conn.

"Door to door delivery."—Robert L. Travis, general traffic manager, S. D. Warren Co., division of Scott Paper, Westbrook, Maine.

"Can be used to advantage where straight rail is unsatisfactory, and where premium truck service is unnecessary." —G. H. Jodat, traffic manager, Patrick Cudahy, Inc., Cudahy, Wis.

"Strictly on cost. This outweighs some loss of flexibility by truck."—R. G. Longmoore, traffic manager, Detrex Chemical Industries, Detroit.

"Low cost—reliable schedules—lower damage ratio."—Phillip T. Catalano, traffic and distribution manager, Steelcase, Inc., Grand Rapids, Mich.

"The inherent advantage of lower cost for the transportation service, related to the multi-vehicle movement from ramp to ramp."—Raymond M. Green, general traffic manager, Ball Brothers Co., Inc., Muncie, Ind.

"The greater number of miles per day (including time standing still) the vehicle is moved."—O. B. Wynn, traffic manager, Ray-O-Vac Division of E.S.B., Madison, Wis.

"It takes the trailers off the highways."—R. P. Clinton, traffic manager, Honeywell, Inc., Minneapolis.

"Intermodal transportation on import-export freight."—R. V. Rush, general traffic manager, A. B. Dick Co., Chicago.

"Less delays. No more freight added on when minimum weight is obtained. Customer and warehouses receive freight as loaded, not handled."—M. J. Garofalo, traffic manager, Armstrong Paint & Varnish Works, Inc., Chicago.

"Excellent service, competitive rates, damage free."—C. A. Moultis, traffic manager, U. S. Pipe & Foundry Co., Birmingham, Ala.

● **Conditions for growth.** While most shippers currently using piggyback cite cost as a major factor, they nonetheless would like to see more work done in this area. Asked what could induce them to use piggyback more extensively, 52 mentioned lower rates. Twenty-four wanted more consistently reliable service. Speed came in third.

Robert J. Tyler, traffic manager of Chemetron Corp., Louisville, thinks a combination of lower rates and greater service dependability is needed. "A sure way for the railroads to remain in second place (motor carriers now receive more revenue than do the railroads) is to merely meet competition," said Tyler. "Rate making Rule 15-a should be used in establishing piggyback rates without regard to the present level of rates via other forms. Railroads can move a greater amount of traffic by making competition rather than meeting competition. Present rate-making policy of the railroads is not producing an increased share of the total intercity traffic; therefore it must be wrong."

T. A. Dooley, director of traffic for the Stanley Works, New Britain, Conn., does not think railroads are even meeting competition. "Because the flexibility and scope of service offered by piggyback is not really competitive with highway common carriers, the railroads must offer an additional attraction of lower rates and/or a more reliable service," said Dooley.

Shippers responding to the May Traffic Poll generally regarded piggyback as a damage-reducer—but there was no unanimity on this score.

One shipper, sounding the only completely sour note in the Poll, went so far as to say that his company (which last year shipped 1,600 trailerloads by piggyback) has been gradually phasing out its piggyback movements altogether. "We experence more careless damage in piggyback than either carload or truck shipments," he reported. (His company is in the beverage business.)

A less extreme complaint came from E. J. Davis, director of traffic for the Caterpillar Tractor Co., Peoria, Ill. "One thing that would make piggyback more attractive would be for the railroads to get realistic about damage to piggyback shipments. Most roads take the position that when damage occurs, it happened either to or from the ramp and not while in transit." But he added: "I am convinced that piggyback is here to stay."

● **Claim problem.** Ray-O-Vac's C. B. Wynn is concerned over claim handling. "With intermodal transportation should come intermodal responsibility," suggested Wynn, "and we look forward to better loss or damage claim handling which would encourage greater use of TOFC on our part."

Heublein's H. J. Rogers agrees that "claim problems are quite difficult to resolve at times." He sees the need for "some guidelines as to carrier responsibility." ■

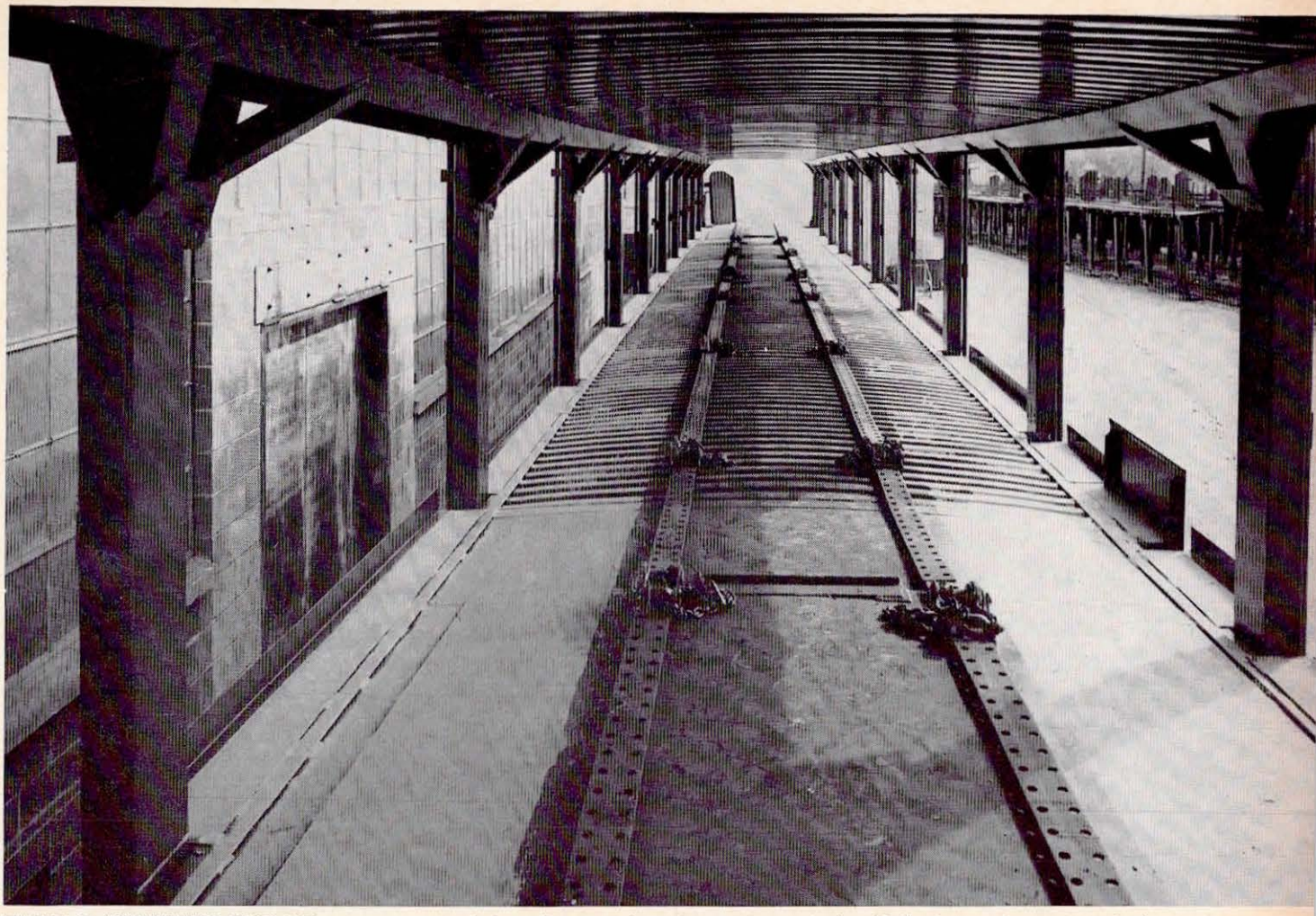


PLATE C EQUIPMENT OUTLINE was not exceeded as Paragon broadened upper decks 13 inches and rearranged the posts.

Shippers' plaudits fly over Southern "flat tops"

Broader decks speed loading and unloading of auto-rack cars; possibility of damage also reduced.

New "flat tops" added to its fleet in recent months don't mean the Southern Railway is moving into competition with the U.S. Navy. Instead, they mean the Southern is again taking steps toward providing the type of freight equipment that can offer the load protection, safety and convenience which attract and maintain rail traffic along its system.

Unlike the Navy's "flat tops," which carry aircraft, the Southern's are transporting automobiles and trucks. They are new 89-ft., 4-in. standard level flat cars fitted with auto racks having a breadth between curbing angles on their upper levels of 113 in. That is a full 13 in. greater than that of existing racks. It was this greater lateral expanse which led Southern shippers to choose the new rack car nickname, "flat top." ("It's amazing how much difference six inches on each side of the automobile can mean when loading," commented one loader.)

● **Loading is satisfactory.** With 62 of the "flat-tops" (42 bi-levels, 20 tri-levels) now in service, these shippers report highly satisfactory loading performances. The Southern feels, because of this, that the cars stand an excellent chance of becoming "new standards for the railroad industry."

The cars are a cooperative development of the Southern's customer service engineering department and technological development section, the Chevrolet division of General Motors and the rack builder, Paragon Bridge & Steel Company. The new "flat top" rack gains the added 13 in. of width through extension of its curbing angles beyond the outer surfaces of the vertical side posts. The "B" level on bi-level cars, and both the "B" and "C" levels on tri-levels have the extra 13 in. of width.

By redesigning the column supports at the car's side sills, the width of the loading area on the "A," or first, level has also been increased, from 94 in. to 99½ in. Despite the increase in load-

ing space, the new rack car still fits within the lateral limits of the Plate C equipment diagram.

Paragon, as a co-developer of the "flat top," is incorporating the wide deck feature into a new tri-level rack designed for application on 89-ft., 4-in. low deck flat cars.

In addition to the broad breadth, this new rack—called ParaPak—also has each end of the "B" level floor hinged so that they may be raised to provide sufficient head space for automobiles being loaded or unloaded on the first level.

● **Clearance problem.** The low decks have housings for couplers which protrude 10 in. above the car deck. Hence, ramps on each side of the housings are used to provide adequate under-clearance for automobiles during loading and unloading operations. In providing the underframe clearance, however, the ramps create another problem. The problem is that of reduced clearance, or in some cases complete lack of it, between automobile roofs and the bottom of the rack's second level which could convert hard tops into convertibles in a big hurry.

"Since only the center areas of the end sections of the 'B' level's floors, and not the entire end sections themselves, would normally make contact with the roofs of automobiles as they enter or leave the car, we have hinged only those center areas," explained Harold Frederick, Paragon's marketing manager.

"These surfaces, hinged back 15 ft. from the car's end sills, are counterweighted so that one loader can raise and lock them in place easily."

The counterweights, weighing 400 lb each, are inside the rack's corner tubular posts and are connected to the hinged floor sections by means of cables and lifting arms.

The first ParaPak "flat top" built joined the Burlington's auto rack fleet last month. On its initial run 15 new Oldsmobiles were transported from Lansing, Mich., to Houston, Texas. Shipper reaction matched that of the Southern's shippers.

● **Convenient and safe.** "Loading personnel, as well as representatives of other automobile manufacturers, seemed quite impressed with the convenience and safety of the wider decks," observed Tom Rowley, Burlington's sales manager in the Detroit area.

The Southern's 62 standard-level "flat tops" are now operating out of the Chevrolet assembly plant in Atlanta, Ga., and the General Motors plant in Doraville, an Atlanta suburb.

"Convenience and damage prevention are important benefits of the wide decks, but we feel safety is the foremost advantage," said J. N. Todd, Jr., car design engineer for the Southern. "Loading personnel have much more room while securing the vehicles to the decks, as well as more space to walk beside the vehicles on their way to the rack's ladders."

It is not uncommon at some loading sites, where dock facilities are not available, for personnel to completely forego use of the ladders on the narrower 100-in. racks, Frederick said. Vehicles, such as 96-in.-wide trucks, sometimes do not allow enough space for the loaders to squeeze by, so other ladders must be provided for the loaders to use to dismount from the upper levels where they tie down vehicles.

"Even when the wide trucks are loaded on 'flat tops' the workmen have ample room now to walk to the permanent ladders," he added.

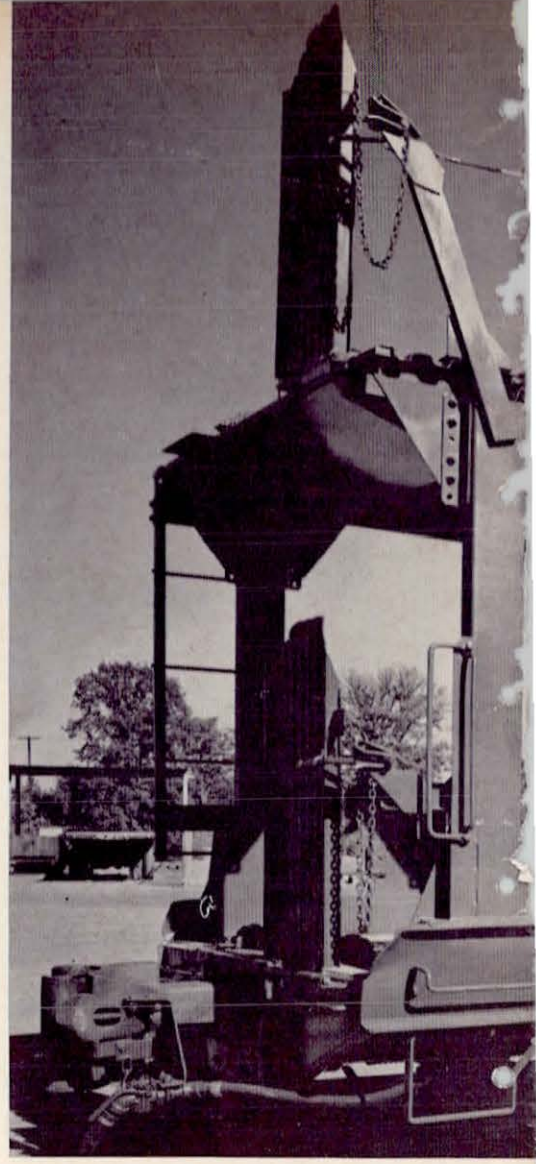
● **Less damage.** Scuffing, denting and paint chipping of doors when loaders are getting out of the vehicles are more avoidable with the new rack cars. The wider deck, plus the staggered locations of the side posts on the Paragon racks, aid in reducing this damage.

"At the Oldsmobile plant, while the loading personnel were lean, it was obvious from the ease with which the men got out of the automobiles that even the stoutest workman could perform the job without jamming the doors against the rack superstructure or the safety lines," Rowley said.

The staggered column concept was introduced by Paragon in 1966. It remains relatively unchanged on the new "flat top" racks. There are 12 columns per side. While their exact locations are flexible, generally the spacing ranges from about 3 ft., 9 in. between the corner columns and the ones adjacent to them to approximately 8 ft., 3 in. between columns at the center of the car.

Because the columns on each side of the rack are not opposite one another, the loader is assured of at least one clear door opening area for getting in or out of the vehicles.

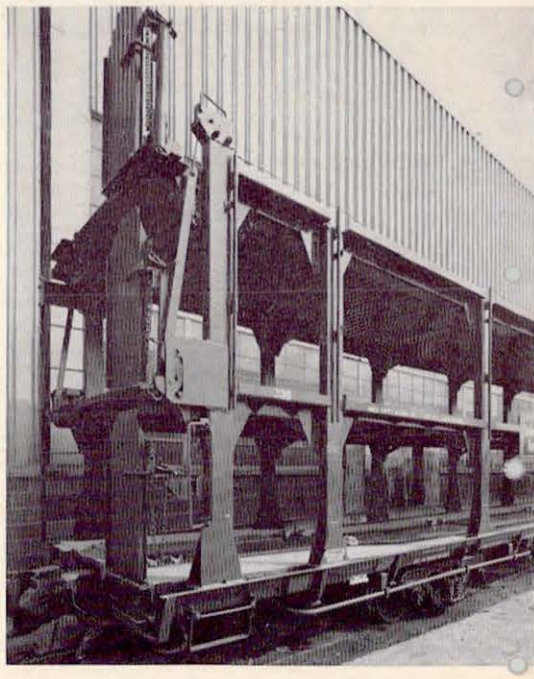
In addition to the 62 Southern cars and the prototype ParaPak in service on the Burlington, Paragon reports that Grand Trunk Western now has 55 new "flat tops" in Chevrolet and General Motors truck service. Denver & Rio Grande Western has four in Chrysler service, and Penn Central has ordered 35 for Ford service. ■



SOUTHERN worked with rack builder in

Safety seen as

PARAPAK for low-decks has hinged B deck.

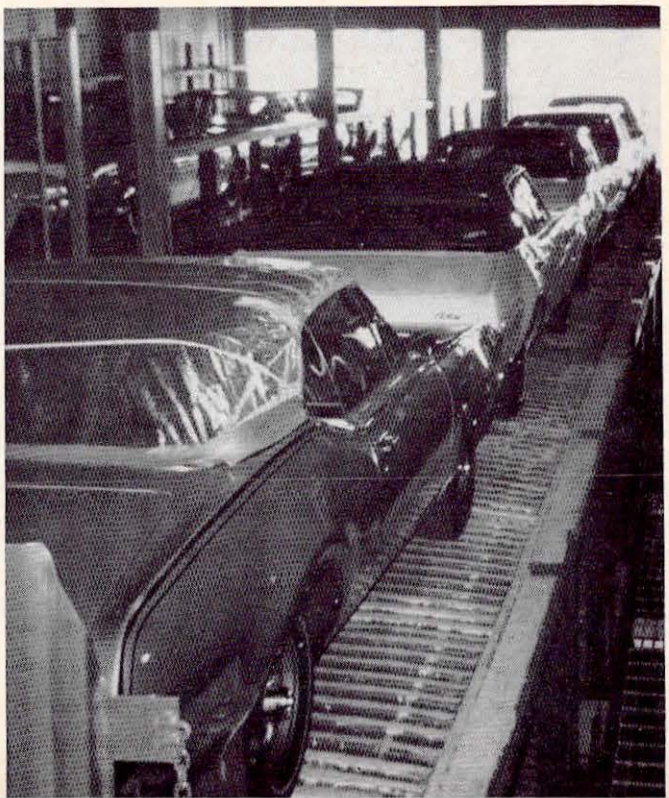


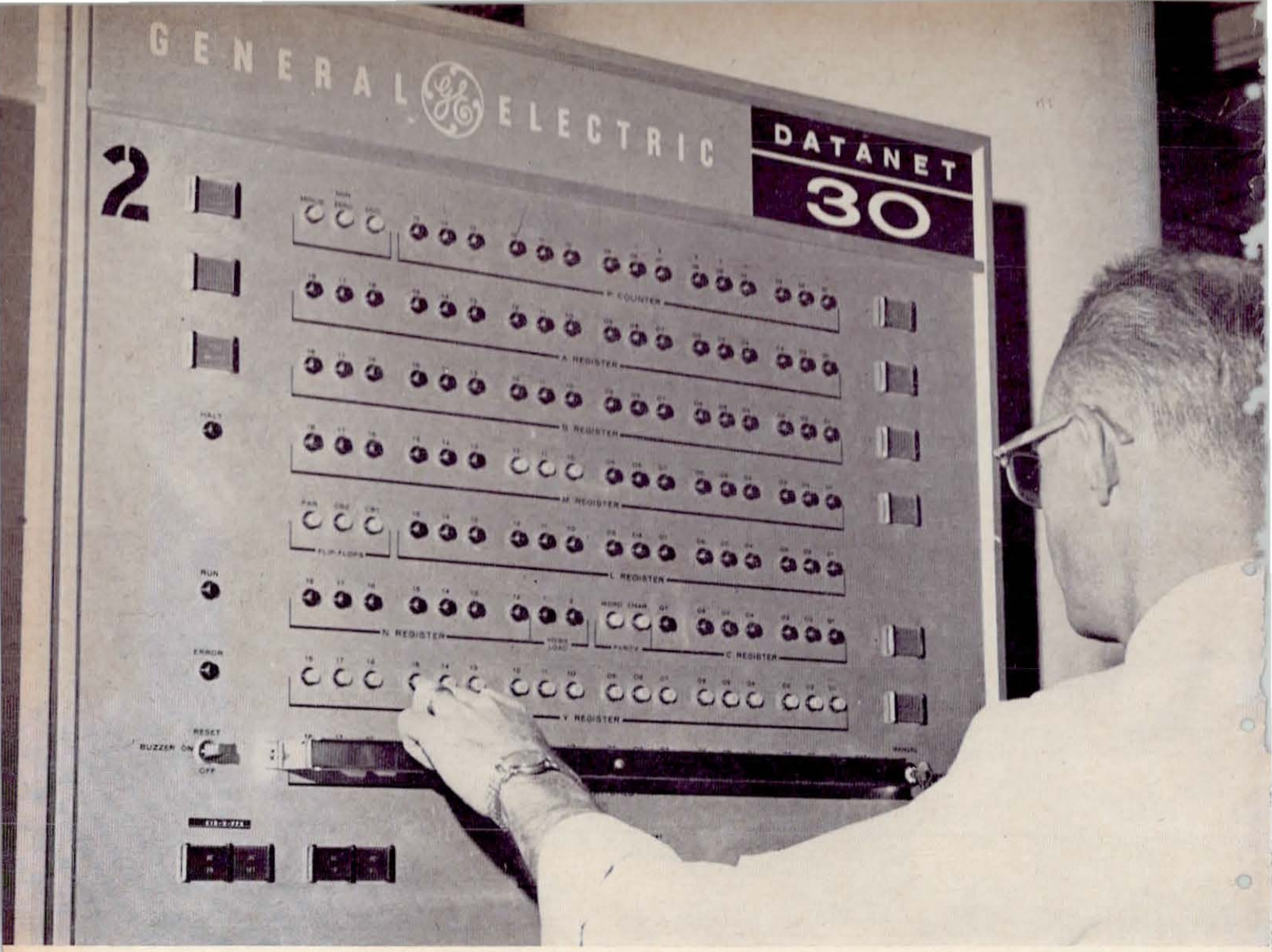
making a reality of "flat top" concept; road's bi-level and tri-level cars now move autos and trucks from GM Atlanta plants.

prime advantage of extra-width rack-car deck

TIE-DOWN has been simplified because of greater room.

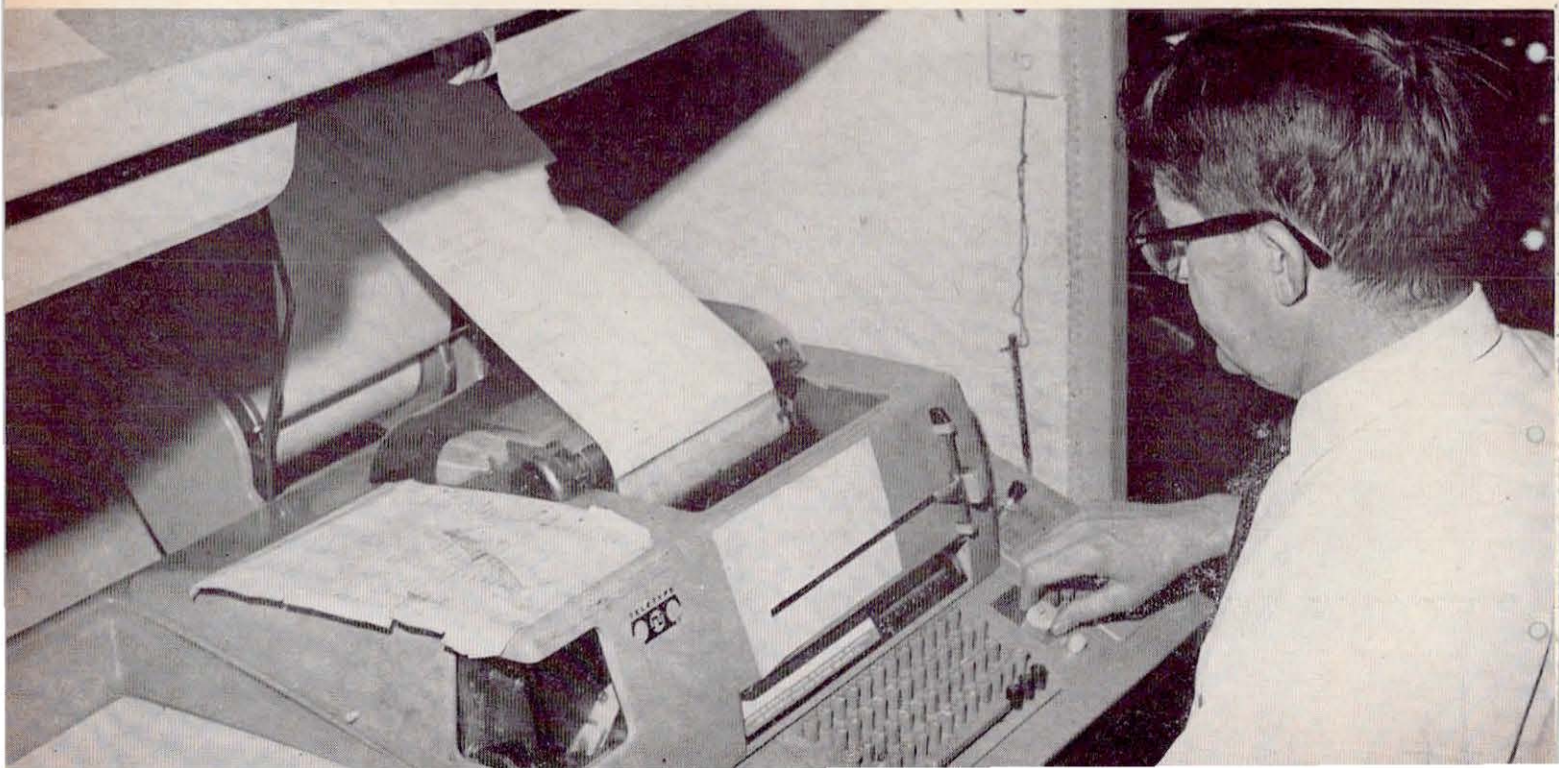
CLEARANCE along wide deck gives easy access to ladders.





D&RGW computers know all,

WITHIN MINUTES D&RGW men program the drafting of an advance train consist and get it moving to where it's needed.



INFORMATION - SERVICE PERSONNEL can get a view of all operations under way on their electronic system by checking the face of the GE Datanet 30 message switcher.

tell all

"We're expecting our computers to perform in every way possible—from market analysis to the expanded and more efficient scheduling and service the shippers expect," says G. B. Aydelott.

Roy G. Schwartz has just about the "lowest" agent's job on the Denver & Rio Grande Western: He works from a basement.

Schwartz is a resident agent in Cedar Rapids, Iowa, and home is where his office is. Every Saturday he gets a special delivery envelope that makes him as highly-competitive as any Rio Grande agent. The envelope's contents equip him to stalk eastern Iowa for westbound traffic that can be routed over his "bridge" railroad.

The weekly message is a report on D&RGW-handled business moving into and out of Schwartz's territory. The report covers the week ending the preceding Thursday night. It is drafted by a computer in the railroad's Denver headquarters. For Schwartz, the printout is a paper mirror of exactly how he is doing. By Monday morning, he knows what his precise targets are for the week.

These weekend reports go to all Rio Grande agents, off-line or on-line, in offices or residences. They are printed from information supplied to a central computer in Denver.

● **Phase I set.** The supply process is part of the just-implemented computerized transportation system that will stand as Phase I of Rio Grande's planned Total Information System. Phase II will cover car utilization; Phase III, further expansion.

Although it takes a long time to gain full computerization, already nearly all Rio Grande departments are feeling the computer's vibrations. It's probing their operations and providing timely, accurate information. Traffic is one department that feels the vibrations most.

"I'm normally pretty doubtful about any of this computer business. But I'm very enthusiastic about the new technique. It's the best thing they've come up with, and I've been through a lot of different programs. This is the easiest for me and the most informative," Schwartz says. He has covered eastern Iowa for 15 years.

What Schwartz gets every Saturday is a resume of his territory's inbound and outbound carloadings (routed over Rio Grande) arranged according to commodity, shipper, receiver, routing, junctions, car initial and number, date and time—and, most important, revenue. The value of the report is obvious: "It keeps me on top," Schwartz says. He now can call on a customer with almost up-to-the-minute knowledge of how much business there is or how much there could be.

● **Accuracy—and time.** In addition to current, accurate data, there is an equally important benefit of saved time. Formerly, Schwartz got the picture from a pile of car slips (fact sheets for an individual car) mailed each day from Rio Grande's Omaha office. He had to hand-sort the slips and tally their contents. By the time the tally was finished, the picture could have changed. Now, that tedious process is gone and time-saving is "immeasurable," Schwartz says. "Besides having more time to make calls, I have more time to spend researching for my customers."

Farther east, there is another agent having the same experience: T. D. Odwalt, general agent in Chicago. The computerized reports are saving time for Odwalt's office this way:

—Trailer clerk saves 45 minutes a day from cutting and filing slips (total of two hours on Monday).

—Odwalt himself saves an hour and a half a week from sorting, and several hours at the end of each month from counting.

—Four solicitors save eight hours each per month from completing their reports. They now do it in 30 minutes at the most.

—Another clerk saves an hour daily from checking slips for mistakes, and now spends two hours checking in an entire week.

—Odwalt has immediate information on traffic handled by other Rio Grande agencies. This formerly was three to four months behind.

Again, there's the story of a changed opinion: "I was kind of uncertain about this at first. Now I'm sold on it," Odwalt says.

● **"It's the greatest."** The sentiments of Schwartz and Odwalt are shared by Rio Grande agents generally, according to Harold E. Cash, D&RGW traffic manager. At a recent meeting, Cash says, "the salesmen all remarked that this is the greatest set of reports we've ever had." Cash gets similar information on a region-wide basis. From the steady stream of reports he gets a summary based on regions: "This is my bible," he says. From the summaries, he drafts a resume for each subordinate general agent. He gives an analysis, the reasons for his analysis, and recommendations. (Rio Grande agents also get a number of monthly reports as well as the weekly ones.)

The reports that are sparking the agents' activity are just part of the system's output capability. They form the scheduled, constantly-programmed part of the output. But agents or any other Rio Grande personnel don't have to wait till the end of the week to find out what's happening. They can ask the computer any time they want. On-line stations do it direct; some off-line posts will be able to do the same in the near future; others call the nearest office with equipment for direct inquiry. And herein lies what Rio Grande officers consider the greatest benefit for all departments—unlimited potential for in-

quiry from an electronic perpetual car inventory. And that potential covers a lot more than the mere location of a car.

• **Up-to-date data.** More than 80% of the time an inquiry can be filled on activities that have occurred within the preceding hour: a car's last move, present location, and whether it's empty or loaded; a record of a car's 10 last moves; full waybill data, and facts about a car's home route—what road it must be returned to.

Rio Grande's inquiry potential comes at a good time. The problem of car supply is as serious as at any time. And in line with this situation, Dee J. Butters, D&RGW chief transportation officer, says "the greatest benefits of the new information system will come in the area of car distribution." Car distributors, trainmasters and customer-service personnel will be the chief beneficiaries. These groups fit under the direction of Rio Grande's previously-established Transportation Management Center. Butters points to implementation of the perpetual car inventory phase as one of the final steps in making TMC a key to a smooth-running road. TMC will have "ultimate authority over all train operations," Butters says. The center lines up power four hours ahead of use-time, and, with the aid of computer-generated shop-scheduling reports, TMC can schedule diesels into shops so that the work load is leveled, thus producing a more efficient utilization of resources.

One constant user of Rio Grande's new inquiry power is the customer-service bureau, which is part of the transportation department. Paul S. Smith, manager, reports a full-time flow of requests from customers for information on their shipments. "It's a great aid to their warehousing," Smith says. It also speeds the routine notification process. In both instances, spontaneous request and routine notice, Rio Grande agents such as Schwartz and Odwalt feel the direct benefit of activities carried out in Denver.

• **Bases are the same.** There is no difference in the basis on which Roy Schwartz gets a clear view of his sales situation and Dee Butters solves a problem of car supply. Underlying Rio Grande's management information set-up are five tailored, well-pondered elements:

—Original information is reported and recorded only once.

—All data are stored in a common, random-access file.

—Any portion can be recalled within seconds through instant-demand inquiry.

—Numerous portions are recalled routinely to form reports on management control, accounting operations and statistics and operating statistics.

—Data that form an exception to normal practice are reported back automatically and immediately.

"We feel that a very significant step has been taken, and we are proceeding to the final phases of our over-all plan."

WILLIAM J. DAY

• **The big plus.** The last element provides perhaps the greatest bonus to Rio Grande managers, according to William J. Day, director of management information services, and one of the masterminds of the entire system. He came to Rio Grande several years ago from General Electric—when Rio Grande made its initial computer negotiations with GE.

"Basically, the theory of exception reporting is very simple," Day says. It involves monitoring all detail and flagging only those details that are out of line. An out-of-line condition could be details on a car that has been in a yard too long, or where revenue for a given commodity is way up or way down. With a report of this nature, specific action can be taken without the necessity of reviewing all the detail on those activities that are happening within the prescribed limits."

For example, special equipment, like DF cars, is given limits for off-line use. For a Denver-to-Chicago run and back, the time increment is 10 days. If the car isn't back on the 11th day, a report is issued automatically on that car. The report shows all the car's waybill data as it left the Rio Grande. In other words, the car is reported as an exception to the 10-day-return limit.

The exception reporting is related to the fourth element of Rio Grande's tailored information system, the process of summary reporting.

• **How summaries work.** "Exception reporting implies the need for standards development using either statistical control-limit techniques or summary reporting to define standards," Day points out. "Summary reports, in addition to providing the basis for standards, provide management with trend information to measure their operation. The time-frame of this type of reporting is quite critical. It must be available before the time a decision is to be made. On continuing summary reporting, the trend of activity is a very important factor."

For special equipment, for instance, there's a summary report each month. Among other facts, it shows the revenue return on investment for each car series and for customer assignment.

Day says there is a genuine, Rio Grande-oriented philosophy behind the system he helped design. The philosophy unfolds much like the previously-listed elements. Its principles are:

—The Rio Grande would operate on a centralized information-handling basis. Most information would be fed into Denver for coding and then into the computer, or be entered directly from the field with a minimum of coding. Generally, information would flow from yard to Denver computer to yard, rather than from yard to yard.

—The system would not be designed in a vacuum. All using departments would be given a part in planning the system.

—The computer would not be considered the entire system. Equal emphasis would be placed on personnel

(Continued on page 53)

...another side of our business

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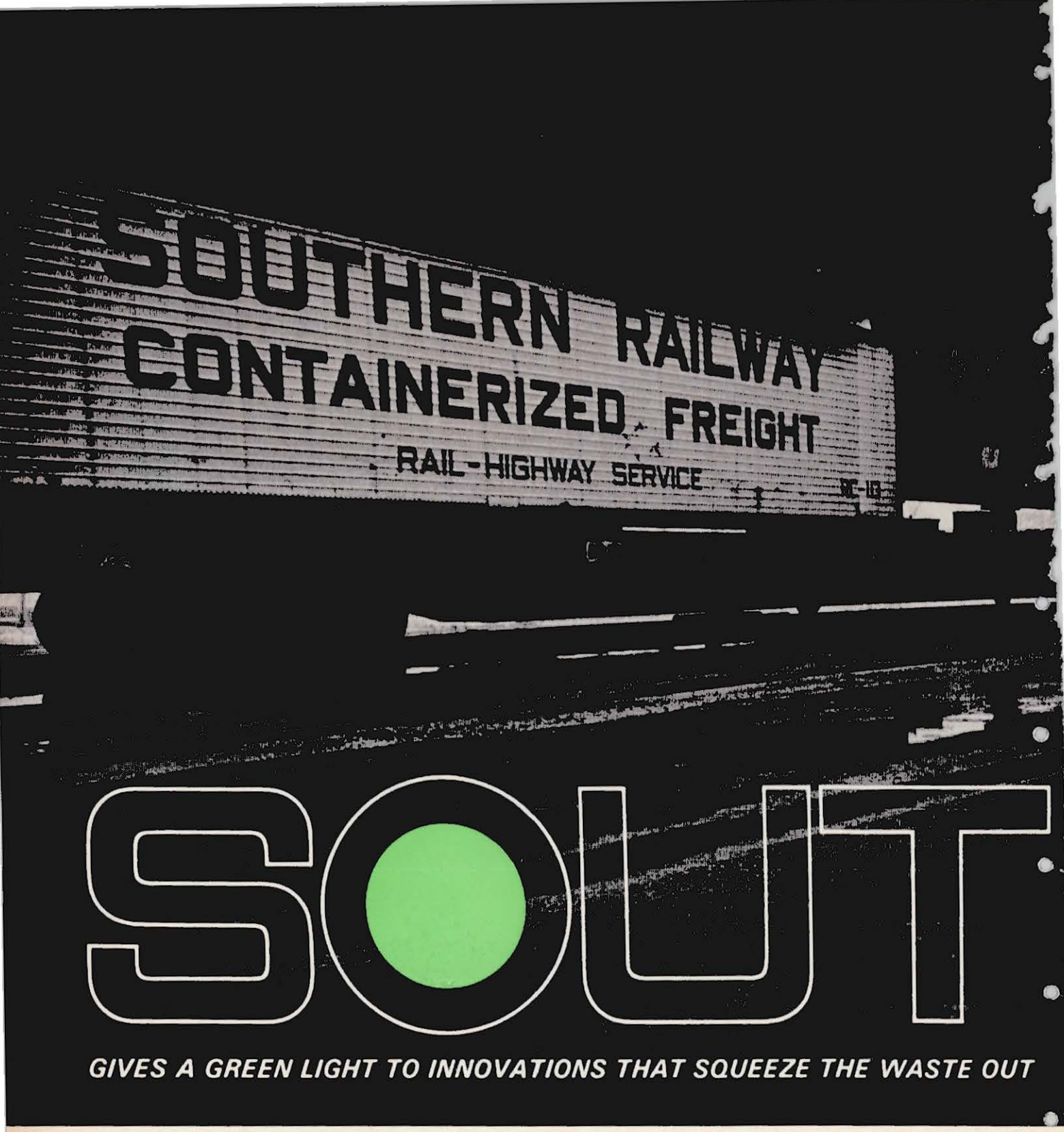

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How do you say "piggyback" with a Southern accent?

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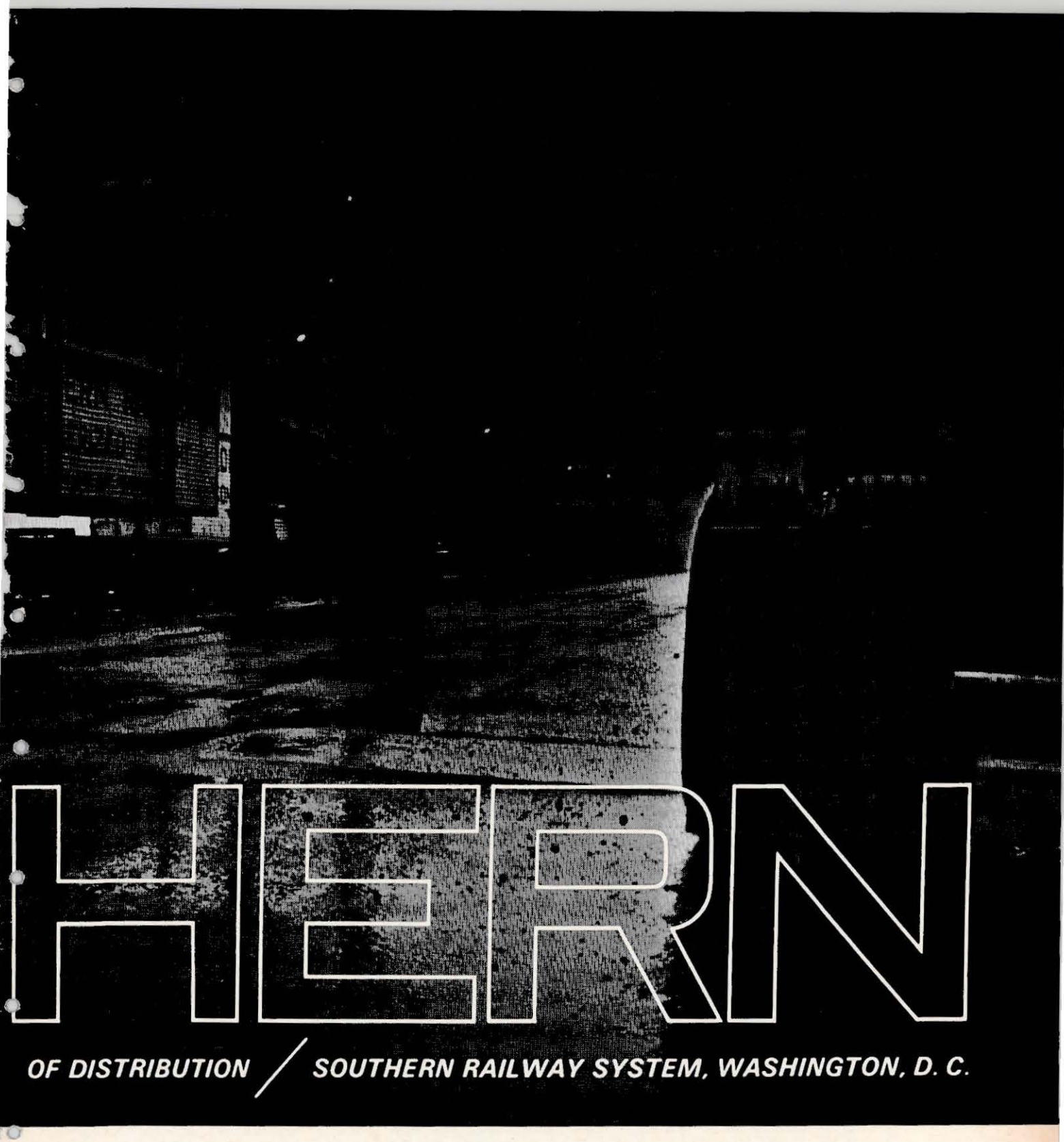
Containerization. That's where the future of piggyback lies. And that's where Southern Railway has put the emphasis all along. Not on the mere hauling of highway trailers.

Containerization means safer freight, easier, faster handling. Containers are ideal "packages" for travel by rail and highway, by sea, even air in one money-saving intermodal transportation service. Containerization means lower capital investment and lower cost for us, putting us in a better position



to maintain a lower level of rates to our customers. These are some of the reasons why Southern helped pioneer containerization, developing the widest variety of containers, building huge cranes for swift transfer of containers between rail and highway service.

Containerized Freight—one of a host of innovations by Southern Railway. Innovations that squeeze the waste out of distribution.

Attacking waste in distribution today has pushed Southern's planning and thinking far beyond the mere mechanics of mass transportation. Our job is to find realistic, profit-building, money-saving answers to your problems and costs, *wherever they may lie in the overall distribution complex.* And we do that job well. Let us help you squeeze the waste out of *your* distribution. Write or call W. V. Burke, Vice President—Sales, Southern Railway System, P. O. Box 1808, Washington, D. C. 20013; telephone 202/628-4460.

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LOOK AHEAD-LOOK SOUTH

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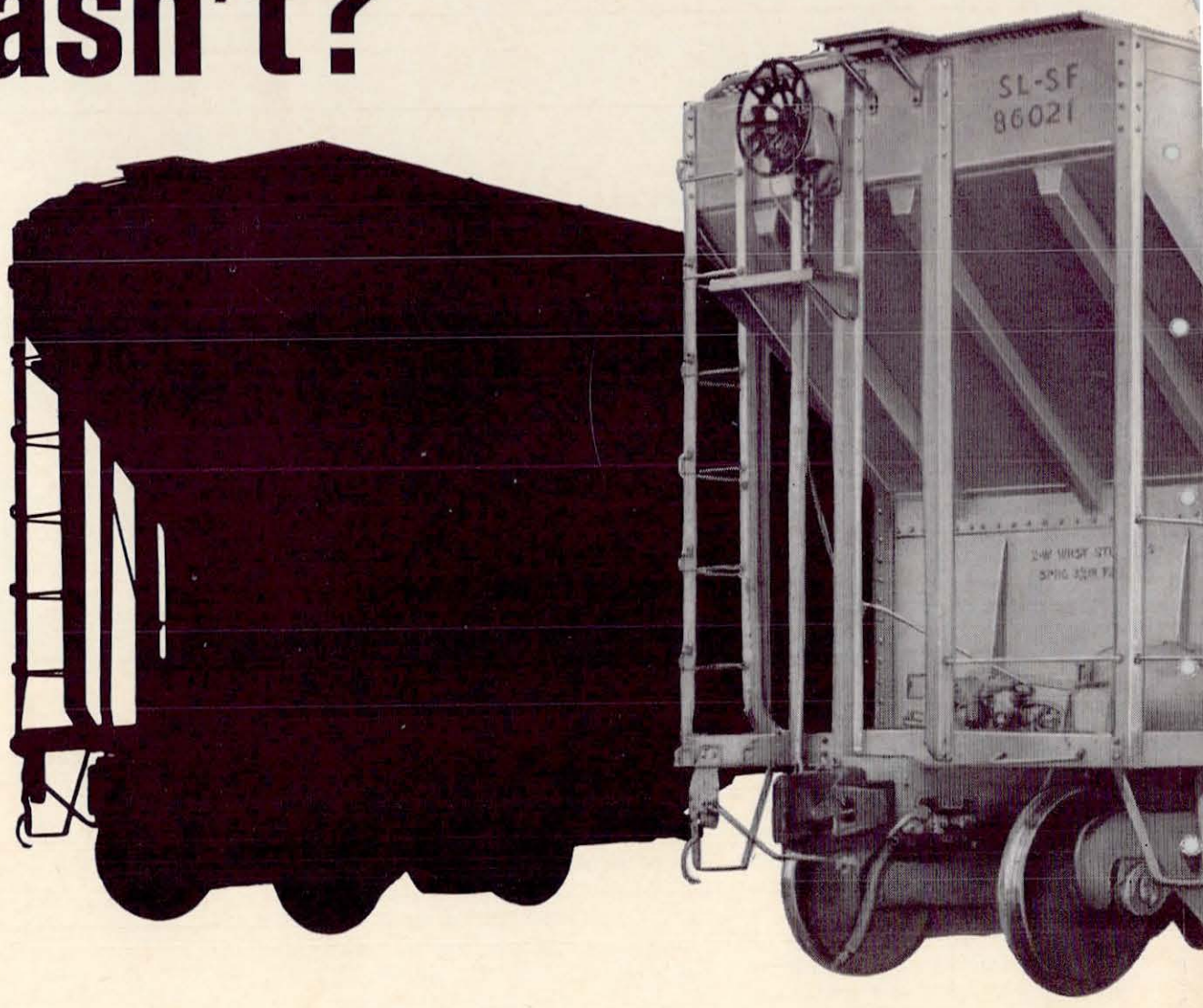
What's an ordinary covered hopper car got...that an aluminum car hasn't?



1. Linings—that cost $700-$800 each
2. Maintenance—that aluminum doesn't need
3. And 6 to 8 tons less payload capacity

True, aluminum-body covered hopper cars cost more initially than ordinary covered hoppers. But when you consider the advantages that these rugged, low-maintenance cars provide over their lifetime, you see why more and more shippers and railroads are specifying aluminum, Reynolds Aluminum, for their new rolling stock.

With payload capacities ranging from 13,500 to 16,000 lbs. more than the same size steel cars, these cars move freight much more efficiently. Fewer cars are required for a given shipment. There's less car handling, faster turnarounds.

Aluminum cars never need plastic linings, a big expense if you own your own cars. Steel cars usually need new liners three times over their lifetime—at $700 to $800 each. And, if you add the "invisible" costs of keeping a car idle for servicing, the savings that aluminum cars offer over their service life are considerable.

Aluminum cars are easier to clean, too. A good hosing and sweeping is about all they ever need. They don't rust, so there's less danger of contamination, an important factor if you handle cargoes that must be kept clean.

Even with tough, daily service, corrosive and abrasive cargoes, and rough handling, aluminum cars have proved their ability to do their job efficiently, with less maintenance than steel cars.

Before you specify rolling stock, car components, or freight handling equipment, see what aluminum offers. Contact your local Reynolds office, or write *Reynolds Metals Company, P.O. Box 2346-TM, Richmond, Va. 23218.*

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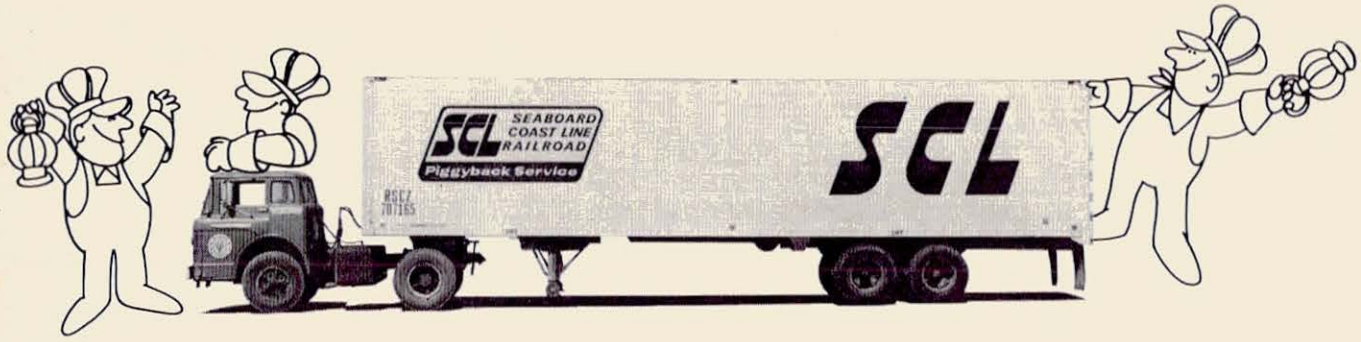
Circle 26 on coupon page 84

If you think you're too far from our railroad to use it...



look again.

Too many people think they have to be practically on top of a railroad to take advantage of its low-cost dependability. Not so. That's why we piggyback. So we can truck right up to your door almost anywhere you are. No other shipping service is quite so convenient, fast, and versatile. And that goes for any product you can load on a truck trailer. Find out what piggybacking can do for you. Just call, and we'll bring our railroad right out to your back door.

SEABOARD COAST LINE RAILROAD SCL

How D&RGW uses computers

(Continued from page 46)

in an effort to gain a system that functions smoothly in both areas—human and electronic.

—Emphasis would be placed on developing a system geared for exception and summary reporting.

• **Base is established.** "While we are by no means close to the total information system that all roads are shooting for, we feel that a very significant step, Phase I, has been taken. We feel that the development of a correct and complete data base is a very definite prerequisite to the achievement of a totally integrated system," Day says. "The data base is now established, and we are getting into our second and third phases of our over-all plan. The second phase is the utilization of cars. With a firm and realistic perpetual car inventory, car distribution is a natural for computer gyration. We expect to have this worked out and implemented before the end of the summer. The third phase, scheduled for later this year, includes power inventory and distribution, plus a number of other benefits that must rely on a good data base," Day says.

In all this, Day is as realistic as he is optimistic: "We're talking about that elusive total information system which nobody can really get. The magnitude of the ever-changing business requirements, together with technological advances, prohibits a completely 'fixed system'."

The General Electric computers used by Rio Grande are two in kind and three in number. There's a GE 425 32K used for all of the railroad's "batch" processing. And there are two smaller GE Datanet 30 16Ks, one used for message switching and the other for transportation processing.

The 425 is used for data-processing projects not needed on an immediate basis. It works out reports for all departments of Rio Grande operations, such as Schwartz's traffic reports.

• **For fast reporting:** The Datanet 30s, however, provide the daily flow of information needed by Rio Grande managers. The message switcher is the main element in the information flow, backed up by the transportation processor. With their random-access disc files, each computer has an information-storage capacity of about 40 million characters. The computers are linked to each other so that information stored on the master computer, the message switcher, is duplicated on

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Dura-Wood is laminated edge-grain oak, pre-cut to size, easy to install. It gives a smooth end-to-end surface and provides better cargo protection (no shrinking, no gapping, no breakthrough).

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world's largest in hardwood floors

You'd expect the best freight car floors from the leader in hardwood flooring. Bruce experience in wood technology has resulted in Dura-Wood's outstanding dependability.

Special tests in the engineering laboratory of a leading university have proven that Dura-Wood will sustain lift truck wheel loads up to 82,500 lbs. Leading Class I railroads have used Dura-Wood for years with never a failure. Because it requires less maintenance, Dura-Wood goes hand-in-hand with new computer controls to give freight cars more revenue-producing days per year.

Available in lengths, thicknesses and machining as specified—with preservative treatment if desired. Also ideal for replacement floors, since Dura-Wood outwears ordinary flat-grain floors as much as 6-to-1. For complete data, write E. L. Bruce Co., Box 397, Memphis, Tenn. 38101.

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How D&RGW uses computers

(Continued from page 46)

in an effort to gain a system that functions smoothly in both areas—human and electronic.

—Emphasis would be placed on developing a system geared for exception and summary reporting.

● **Base is established.** "While we are by no means close to the total information system that all roads are shooting for, we feel that a very significant step, Phase I, has been taken. We feel that the development of a correct and complete data base is a very definite prerequisite to the achievement of a totally integrated system," Day says. "The data base is now established, and we are getting into our second and third phases of our over-all plan. The second phase is the utilization of cars. With a firm and realistic perpetual car inventory, car distribution is a natural for computer gyration. We expect to have this worked out and implemented before the end of the summer. The third phase, scheduled for later this year, includes power inventory and distribution, plus a number of other benefits that must rely on a good data base," Day says.

In all this, Day is as realistic as he is optimistic: "We're talking about that elusive total information system which nobody can really get. The magnitude of the ever-changing business requirements, together with technological advances, prohibits a completely 'fixed system'."

The General Electric computers used by Rio Grande are two in kind and three in number. There's a GE 425 32K used for all of the railroad's "batch" processing. And there are two smaller GE Datanet 30 16Ks, one used for message switching and the other for transportation processing.

The 425 is used for data-processing projects not needed on an immediate basis. It works out reports for all departments of Rio Grande operations, such as Schwartz's traffic reports.

● **For fast reporting:** The Datanet 30s, however, provide the daily flow of information needed by Rio Grande managers. The message switcher is the main element in the information flow, backed up by the transportation processor. With their random-access disc files, each computer has an information-storage capacity of about 40 million characters. The computers are linked to each other so that information stored on the master computer, the message switcher, is duplicated on

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the processor. Thus, a clog in the operation of one of the machines will not cause a clog of the total system.

Other equipment consists mainly of hardware needed to link Rio Grande stations, yards and agencies with Denver.

• **The system at work:** Here is a description of the system's operation in the words of T. L. Hutton, transportation systems and programs supervisor:

"When a train departs Roper Yard in Salt Lake City, the clerk there prepares a paper tape on a Teletype machine. The tape shows train number, time, station, and the number and initial and loaded- or empty-status, for each car as it stands in the train. This tape is transmitted over microwave to Denver where the message switching computer recognizes it as a 'transportation message.'

"Many edits are performed by the computer on the message to insure its correctness. Upon arrival of the train in Grand Junction, a one-line message is transmitted to the computer giving the time of arrival. This message takes the cars out of the train inventory and places them in the Grand Junction inventory. If the train sets out any cars or has picked any up between Roper and Grand Junction, it would have been reported as an exception. This follows our philosophy of exception reporting. We handle the complete train as a string of cars, unless there is some activity that affects an individual car."

• **Aydelott sees gains.** G.B. Aydelott, Rio Grande president, sees fast-growing applications of data processing for established departments and increasing performance demands on the company with new challenges for the computer.

"The Rio Grande, because of its size and geography, can't admit a status quo," he declares. "It has to keep ahead of competitors both in and outside the industry. We keep up the battles, and we've found that when we win one, it usually means a bigger-than-ever need for resourcefulness."

One of these battles was Rio Grande's years-long fight for equality of competitive rights with Union Pacific for solicitation of freight traffic through Ogden, Utah. The Supreme Court late in April upheld Rio Grande's 1967 victory in this case—the victory was a unanimous ICC nod toward D&RGW, but the case had been appealed.

"Now that we've clinched the recognition and have the rights we asked for, we've got to go after the business," Aydelott says. "We're expecting our computers to perform in every way possible, from market analysis to the expanded and more efficient scheduling and service the shippers will expect." ■

LUTHER MILLER

AS THE EDITOR SEES IT

THE RATE INCREASE: ONE VIEW—Are railroads deliberately cultivating a poverty image (just short of joining the Poor People's March) in order to win friends and influence the Interstate Commerce Commission? Some important customers of the railroads have concluded that this is the case—and they told the ICC so last week as they protested the proposed railroad rate increase. A report filed with the Commission on behalf of the American Paper Institute, the Association of Home Appliance Manufacturers, the Gas Appliance Manufacturers Association, the Manufacturing Chemists Association, the National Plant Food Institute, and the Steel Shipping Container Institute boiled down to this: Railroads are far healthier and wealthier than they pretend to be, and they are perfectly capable of carrying out costly capital-improvement programs without a penny-a-hundredweight more for their services.

AND ANOTHER—Quite a different view of railroad finances in general—and the rate increase in particular—was also making the rounds last week, though with far less publicity. It came not in the form of an Ex Parte 259 exhibit but in the semi-annual report of the Wall Street firm of Bache & Co. Coming thus from a more or less disinterested bystander—and moreover, from the very heart of that district where the railroads, like other businesses, have to go to raise money—we think it deserves the widest possible circulation.

"A CRUCIAL STAGE"—Bache finds the railroad industry "at a crucial stage, faced with major decisions involving needed freight rates and capital investment. . . . Rate of return on net investment this year probably will approximate inadequate levels of 2.45% achieved in 1967, while further increases may be expected in labor and interest costs. . . . The railroads' ability to meet the inflationary cost spiral is limited and, despite a vigorous measure of control over expenses, can only be met with another freight increase." Bache concludes that it will take a combination of mergers "plus additional rate relief [before] the investing public will return to this group for investment gains."

SOME LATE EVIDENCE—Did Bache overstate the case? Hardly, in view of an announcement that came out of Washington last week. The AAR completed its first-quarter arithmetic, and reported that despite last year's rate increase, the industry's net income actually declined by nearly 10%; and rate of return sank to 2.46%. With a return like that, what would appliance manufacturers do? We suspect they'd raise their prices.

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WALTER TAFT

WATCHING WASHINGTON

WARNING FOR TRUCKERS—Truckers reluctant to provide service for small shipments have been warned by Commissioner Rupert L. Murphy that the ICC could alleviate this problem by easing restrictions on trucking operations by railroads. The warning came in Commissioner Murphy's speech at a Transportation-Week meeting of the Seattle Chamber of Commerce and transportation organizations of Washington State.

RE-EVALUATION MAY BE DUE—"Perhaps we should re-evaluate the 'special circumstance' principle of the celebrated *Rock Island* decision when considering substituted service applications that involve small towns, remote areas and territories having a traffic imbalance problem," the commissioner said. The *Rock Island* decision made it clear that the Commission can grant truck-operating rights to a railroad without imposing tie-to-rails restrictions.

TRUCKING SETUP INVOLVED—Several RI truck routes were involved, including a Chicago-Omaha operation. The railroad purchased the routes from independent truckers and operated them on unrestricted bases for several years prior to 1951. The Commission then imposed the usual conditions which keep railroad trucking operations auxiliary to rail service. RI went to court, but lost. It then filed the application out of which the easing came.

SECTION 207 IS THE WAY IN—It was an application under the Interstate Commerce Act's Section 207. Unlike Section 5 (2) (b), the acquisition-of-control section under which RI got the routes, Section 207 has no provision saying a railroad applicant must show that competition would not be restrained unduly, and that the involved trucking service could be used to improve rail service.

INADEQUATE TRUCK SERVICE—The Commission's favorable decision on the Section 207 application was bottomed on findings that "special circumstances" required the grant of all-motor rights to RI. And those findings were based on evidence which pointed up the failure of truckers to offer complete services, particularly peddler services.

THE COURT RULING—In sustaining the Commission, the Supreme Court concluded that Congress "did not intend the rigid requirements of Section 5 (2) (b) to be considered as a limitation on certificates issued under Section 207." So, the Commission seems to have much discretion. But it must pave the way for its use with "special-circumstances" findings. The Court made that clear in a subsequent (1960) decision involving Southern Pacific's trucking operations.

Railroads are key element in U.S. growth

Railroads will be the key element in tomorrow's total transportation complex, says Thomas M. Goodfellow.

That complex, he adds, will be characterized by research and development for new equipment and methods and diversified service coupled with technology. Dependence upon railroads will grow and grow.

Goodfellow, president of the Association of American Railroads, made his predictions in an address at the recent San Francisco meeting of the National Defense Transportation Association.

● **Continuing process.** "Railroads have embraced technology with all the ardor of a young lover," Goodfellow said. "We've been using automated yards, computers, microwave and other established electronic wonders for some time. These have recently been joined by new freight car identification and tracking systems [and] we are constantly on the lookout for other marvels for tomorrow."

Bit by bit, railroads are re-shaping themselves for the future from the ground up, the AAR chief added. Railroads are "getting new and better roadbeds and track. They're developing more efficient and more powerful locomotives. They're adding customer-oriented rolling stock. Piggyback, unit trains, rack cars and containerization are making their impact. But overriding all this is the increasing utilization of computerization by railroads."

● **Land bridge is here.** Railroads are going to have more and more intercontinental business, Goodfellow said. "Cross-country container trains for shipments from the Orient to Europe are beyond the discussion stage. The U.S. as a two-way land bridge—and the railroads as the carriers—are for real."

Transporting people will become increasingly important and difficult, the AAR chief prophesied.

● **The answer: rail transport.** "I'm talking about transportation in the congested—the bumper-to-bumper glut—of the urban centers. In the Seventies, 70% of our people will live on 1% of the land. The metropolitan areas throughout our nation will need superb commuter transportation. More and more the experts are returning to rail transport as the answer." ■

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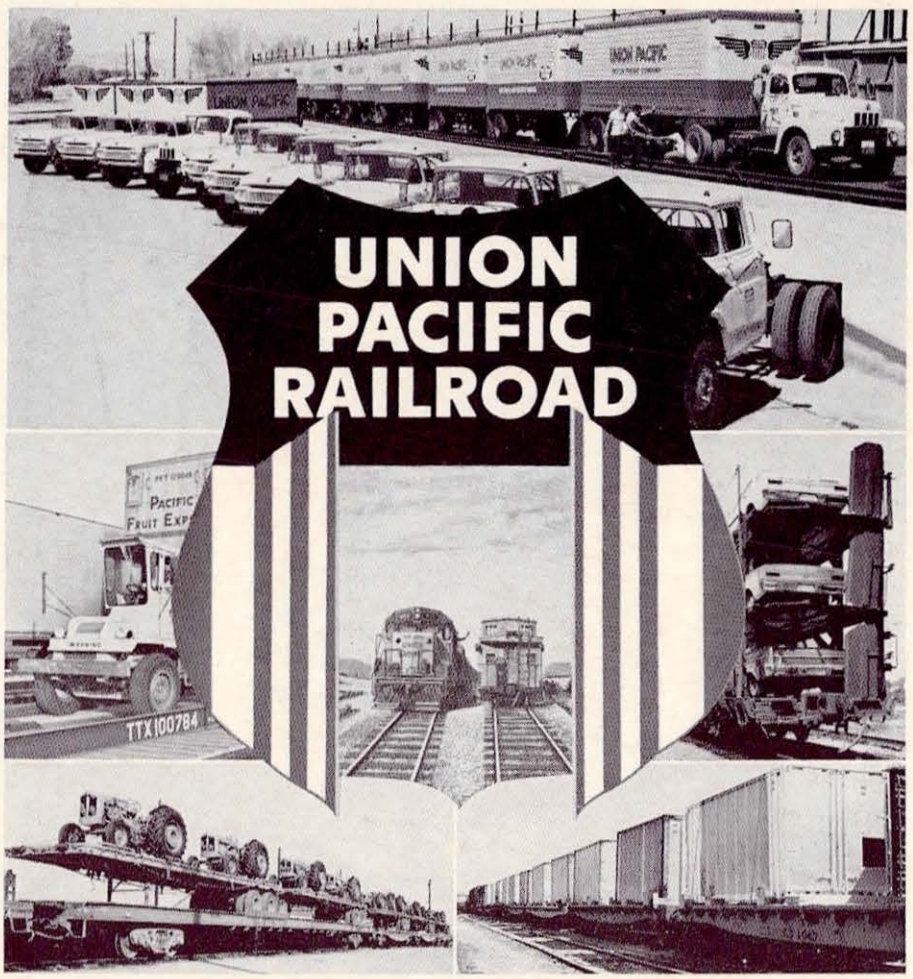

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TO OUR STOCKHOLDERS:

Net income for 1967 dropped below the record high level reached in 1966, principally as a result of a decline in earnings from transportation operations. But total earnings were the second-best in the Company's history.

Dividends paid on common stock, aggregating $2.00 per share, were equal to about 58% of net income (under generally accepted accounting principles) after preferred dividend requirements.

Net income for 1967 on basis of accounting prescribed by the Interstate Commerce Commission with Divisional allocations, and as adjusted to conform accounting for Federal income taxes with generally accepted accounting principles, compared with 1966, is shown below:

Net Income	1967	1966	Increase or Decrease
Transportation Division	$ 85,302,705	$ 95,370,005	—$10,067,300
Natural Resources Division	13,716,578	11,480,129	+ 2,236,449
Land Division	92,510	(371,863)	+ 464,373
Non-Divisional	3,021,244	3,313,351	— 292,107
Total (I.C.C. basis)	$102,133,037	$109,791,622	—$ 7,658,585
Adjustment—(Deferred Taxes)	(21,400,000)	(20,700,000)	+ (700,000)
Net income under generally accepted accounting principles	$ 80,733,037	$ 89,091,622	—$ 8,358,585

Volume of freight traffic handled by the Transportation Division declined compared with the record level established in 1966, reflecting the general slow-down in the national economy during the early part of the year, strikes in various industries, and less favorable growing conditions for crops in Union Pacific territory. The declining trend in passenger revenue continued and mail revenue dropped sharply because of divisions by the Post Office Department.

Operating expenses rose as a result of the impact of higher wage rates, fringe benefits, and material prices, which was only partially compensated for by a 3% general freight rate increase effective August 19, 1967 (the first since 1960). A favorable factor during the year was the sharp drop in equipment rents, reflecting in large part the Company's massive program for acquisition of new equipment.

Earnings of the Natural Resources Division showed a gratifying increase in 1967, sharply reversing the downward trend experienced in recent years. The improvement was primarily attributable to increased oil production in Wilmington field resulting from stepped-up water-flooding operations.

The program for large-scale modernization of the Company's railroad equipment continued at a high level during the year. Capital outlays for new rolling stock amounted to $131.5 million, bringing the total cost of new equipment acquired during the last four years to more than $500 million. Outside financing was obtained for a portion of the expenditures in order to maintain adequate working capital.

Continuing the policy started in 1966, $33.1 million of the 1967 capital expenditures was used to acquire rolling stock for lease to Rock Island. These lease arrangements illustrate one of the ways that a merger of the two companies would benefit shippers and consumers through improved service and facilities.

Substantial capital expenditures were also made by the Land Division in 1967 for acquisition of prime industrial property, as part of its expanded program to promote industrial development in Union Pacific territory.

The controversy between Western railroads, including Union Pacific, and certain Midwestern lines as to the division of transcontinental freight revenue was resolved in 1967. The Supreme Court upheld an I.C.C. Order providing that the Midwestern lines get a larger share of such freight revenue retroactive to July 1, 1963. Retroactive payments for prior years did not affect 1967 income as reserves had been provided under I.C.C. Orders.

The Company has continued its vigorous efforts to achieve a Union Pacific-Rock Island merger. The extensive public hearings on the case, which began on May 4, 1966, are expected to be concluded shortly. Briefs will then be filed and, if the usual procedures are followed, the I.C.C. examiners who have heard the case will prepare and submit their recommendations to the Commission.

Looking to the future, your management is progressing overall studies which will assist in achieving both near-term and long-term corporate goals designed to better serve our customers and bring benefits to the public, our employees and stockholders.

The Board of Directors takes this opportunity to gratefully acknowledge the achievements of our officers and employes in the loyal and effective fulfillment of their responsibilities during the past year.

E. ROLAND HARRIMAN
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FRANK E. BARNETT
Chairman of the Executive Committee

EDD H. BAILEY
President

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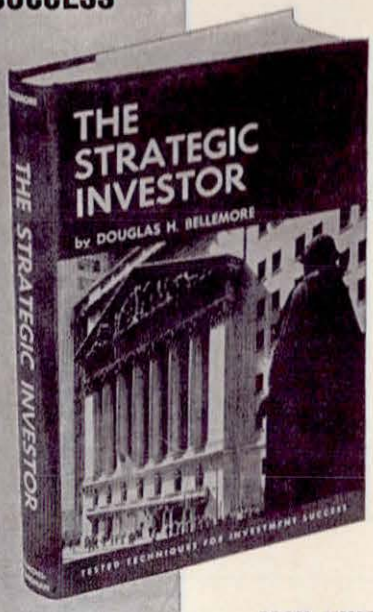

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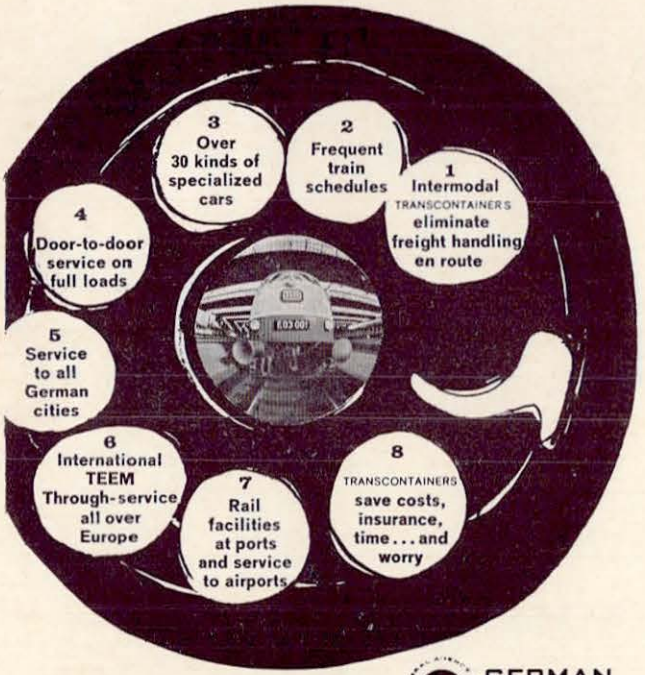
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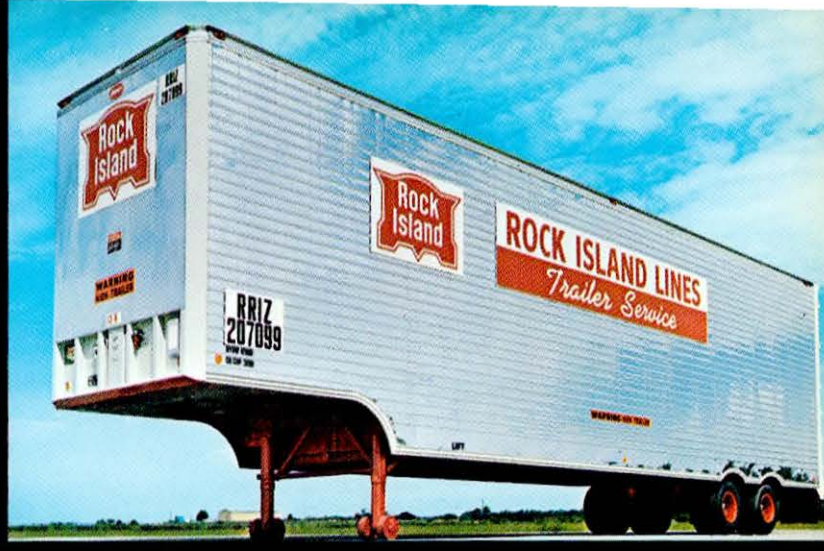

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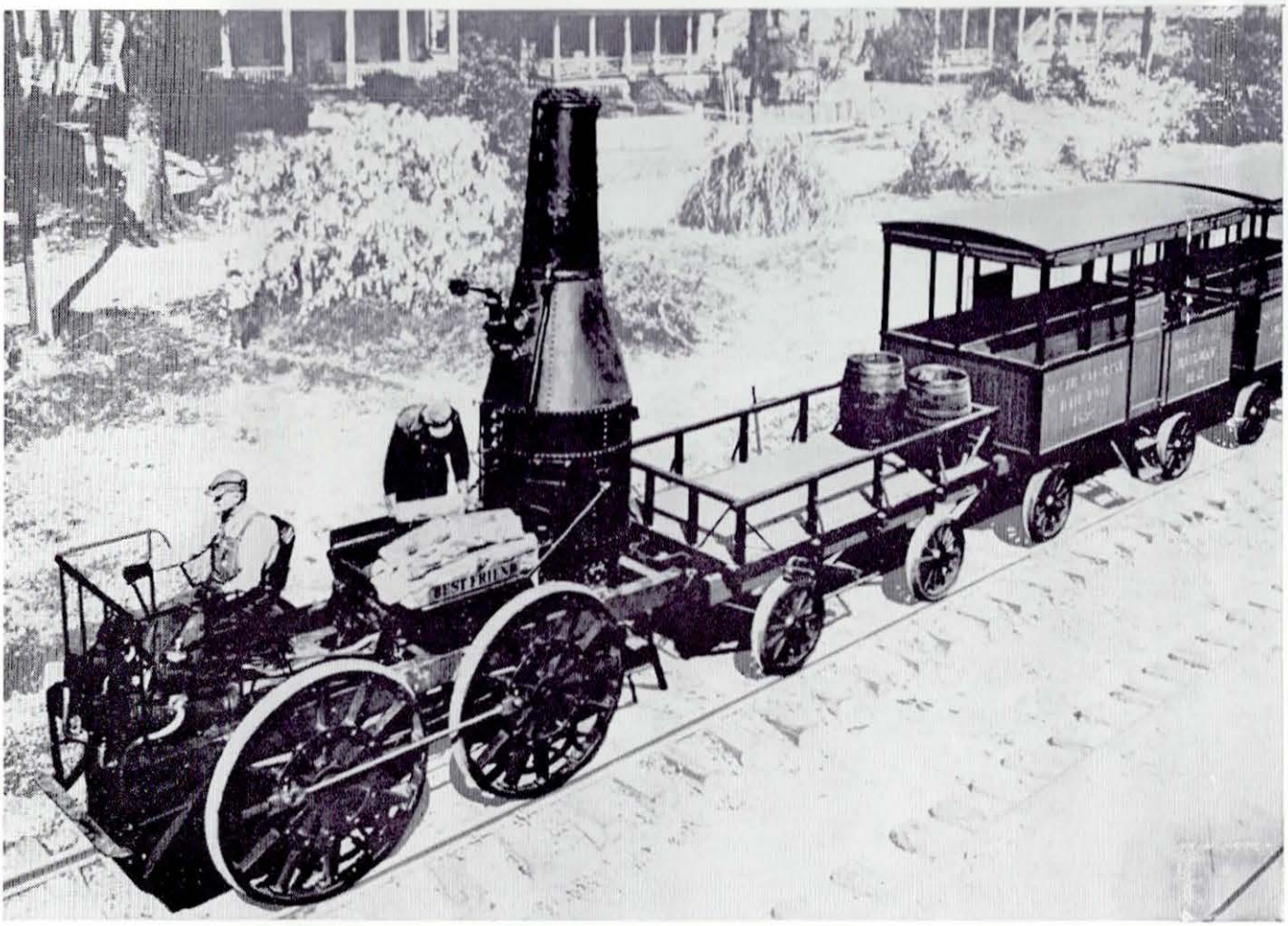

Boatmen along the Savannah River were completely convinced that the world was going to hell in a giant pot bellied stove as "The Best Friend of Charleston" thundered past them bright and early Christmas day, 1830. The world didn't make it that time, but the "Best Friend" did transport a trainload of terrified citizens at the neck-snapping speed of 20 mph on the first successful steam ride anywhere in America.

Though it looked like a fire-breathing steel monster, the "Best Friend" was partially constructed of wood which supported and fueled the massive steel boiler . . . and drew wooden passenger cars. Another milestone in the long history of railroads was marked in 1830.

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Railroad '67 purchases dropped 1%

U.S. railroads last year continued to play their role as one of the nation's biggest markets.

The railroads spent $1,590,737,000 for fuel and other operating materials and supplies in 1967. That was a 1% drop below the 1966 figure of $1,604,862,000, reflecting slightly smaller quantities purchased at 1967's higher prices.

The 1967 outlays were the second highest since 1957, exceeded only by the amount spent in 1966, according to an announcement by the Association of American Railroads.

● **Plus $1.5 billion.** Not included in the 1967 materials purchases were outlays of over $1.5 billion for new rolling stock and capital improvements, the AAR pointed out. Of that amount, an estimated $900 million was spent for new freight cars and $225 million for new locomotives.

These reported outlays, the AAR said, are those of Class I line-haul railroads, which account for more than 95% of railroad operations in the country.

In the major categories of ordinary supplies, the largest 1967 increase came in the amount railroads spent for fuel: $415,415,000, a gain of $14,342,000, or 3.6%, above the preceding year. Spending for diesel fuel—which, the AAR said, made up 24% of the total 1967 purchases—came to $385,571,000, a gain of $17,518,000, or 4.8%.

Outlays for such iron and steel products as rails, locomotive and car parts and various types of machinery declined by 4.3% in 1967, to a total of $462,010,000. Spending for wooden crossties increased from $70,930,000 in 1966 to $83,198,000 in 1967, a gain of 17.3%.

Among iron and steel products the largest amounts were spent for car forgings, castings and specialties ($134,437,000 in 1967, compared with $137,812,000 in 1966); track and switch material ($83,567,000, compared with $82,540,000); and new and secondhand rail ($70,482,000, compared with $78,711,000).

● **Miscellaneous unchanged.** Spending for miscellaneous supplies (including such things as building materials, ballast, office and train supplies, air brake material, and communication and signal material), nearly held its own. The figure for 1967 was $586,936,000, a drop of only 1.5% below the 1966 figure of $595,812,000. ■

How railroads spent $1.6 billion

Purchases of fuel, material and supplies Class I railroads—calendar years 1967 and 1966

	Item	1967	1966
FUEL			
1.	Fuel oil—Diesel	$ 385,571,000	$ 368,053,000
2.	Fuel oil—Residual	7,676,000	9,640,000
3.	Coal	7,659,000	9,477,000
4.	Gasoline	9,952,000	10,989,000
5.	All other (including heating oil and propane)	4,557,000	2,914,000
6.	Total fuel	415,415,000	401,073,000
FOREST PRODUCTS			
7.	Cross ties, wooden	$ 83,198,000	$ 70,930,000
8.	Switch ties, wooden	8,014,000	7,418,000
9.	Lumber (bridge and building, piling, posts, bridge ties)	15,361,000	15,954,000
10.	Lumber, equipment (including manufactured articles)	15,527,000	25,073,000
11.	All other forest products	4,276,000	6,058,000
12.	Total forest products	126,376,000	125,433,000
IRON AND STEEL PRODUCTS			
13.	Rail (new and secondhand, except scrap)	$ 70,482,000	$ 78,711,000
14.	Axles and wheels for cars and locomotives	53,643,000	55,545,000
15.	Track and switch material	83,567,000	82,540,000
16.	Steel, fabricated, for bridges	4,736,000	2,725,000
17.	Iron and steel (bars, shapes, sheet, tubing, chain and wire rope)	18,043,000	26,132,000
18.	Locomotive forgings and castings (malleable or steel, and trucks)	6,120,000	7,365,000
19.	Car forgings, castings and specialties	134,437,000	137,812,000
20.	Bolts, nuts, washers, rivets, lag screws, pins and studs	7,778,000	7,303,000
21.	Springs for cars and locomotives	6,418,000	6,311,000
22.	Tools, track and roadway, all kinds, and parts (except automotive equipment, aircraft, and parts)	19,397,000	14,171,000
23.	Stationary machinery and parts	22,781,000	25,749,000
24.	Pipe, iron and steel, pipe fittings, and plumbing fixtures	5,445,000	6,191,000
25.	Hardware, hand and small machine tools	21,556,000	24,648,000
26.	Cast iron water pipe and culvert pipe	7,607,000	7,341,000
27.	Total iron and steel products	462,010,000	482,544,000
MISCELLANEOUS			
28.	Building materials (brick, cement, gravel, lime, sand, stone, roofing, siding, and fencing)	$ 6,715,000	$ 8,539,000
29.	Lubricating oil and greases, journal lubricating pads, wiping rags, waste and illuminating oils	48,561,000	46,866,000
30.	Non-ferrous metal and products	23,520,000	24,479,000
31.	Ballast and riprap	19,535,000	20,917,000
32.	Electrical materials (including electrical material for diesel locomotives)	55,277,000	63,792,000
33.	Stationery, printing and office supplies	42,231,000	36,525,000
34.	Commissary equipment and supplies	13,989,000	16,415,000
35.	Rubber and leather goods	6,202,000	7,524,000
36.	Chemicals, compounds, drugs, glass laboratory equipment, lacquers, painters' supplies, paints, varnishes	42,405,000	42,410,000
37.	Passenger car trimmings and accessories	13,241,000	11,381,000
38.	Locomotive, train and station supplies	29,755,000	28,319,000
39.	Communication and signal material	60,408,000	60,173,000
40.	Air brake material	19,906,000	21,499,000
41.	Appliances for locomotives	5,000,000	5,449,000
42.	Automotive equipment and aircraft, and parts	16,189,000	16,519,000
43.	Diesel material not elsewhere classified	98,564,000	106,661,000
44.	All other miscellaneous (incl. concrete ties)	85,438,000	78,344,000
45.	Total miscellaneous	586,936,000	595,812,000
46.	Grand total	$1,590,737,000	$1,604,862,000

Source: Reports of the carriers to the Economics and Finance Department, AAR.

LETTERS

Railroad passenger service

Chattanooga, Tenn.

To the Editor:

I have reviewed with interest the article, "ICC Examiner Maps Out Passenger Requirements," on pages 48 and 49 of the April 29 Railway Age.

I have been in the traffic and transportation field for more than thirty years, ten and one-half of which were in railroad and freight traffic.

In most instances, I have utilized railroad passenger service where available, and have found in recent years the service has deteriorated to the point where it is impractical to be subjected to inferior service for superior cost.

The railroads in this area have exerted every effort to discourage this facet of their operations through the discontinuance of schedules, dining car service, sleepers, and last but not least operation on very unreliable schedules. . . .

The highways and airways are becoming congested to the point where the average traveler would prefer the rail service to other modes of transportation if it were practical.

I would personally prefer to see the railroads get back into the 20th Century operation of passenger service rather, than the 1850's as their thinking indicates.

J. B. Johnson
Traffic Manager
Chattanooga Freight Bureau, Inc.

Toronto, Ontario

To the Editor:

I have read with great interest Railway Age's article (April 29) on ICC Examiner John S. Messer's investigation and recommendations on the "Sunset" case and the passenger problem in general (RA, by the way, did the best reporting job of all the news media).

It is not surprising the usual assortment of "special interest" groups are already plucking isolated pieces from the report, reading into them slanted conclusions and are using these conclusions to further their own ends. These same special interests, all pulling in opposite directions are in no little way responsible for "the problem" in the first place.

The mad scramble for various goals (each considered to the exclusion of all else in far too many cases, i.e., profits, wages and work rules, tax revenue, and political gain) has worked to the eventual detriment of the country and, ironically, those most directly concerned in the operation of railroads.

Now that we've (often unwittingly) pulled the passenger network apart, isn't it time to put it back together in a more viable form? It *can* be done if all men of good will give freely of time and effort and relinquish long entrenched "rights" which are ill-suited to present conditions. From what I have read I think Examiner Messer's well-thought-out recommendations (incorporating many original ideas as well as worthwhile ones from other sources) would make an excellent basis for a general rejuvenation of our rail network. By this I mean the *whole* and not just pieces of his report.

To implement the regulatory provisions and neglect the work rules, station maintenance, and tax provisions and efficiently pooled operations would just postpone the eventual collapse.

The question remains: "Are we going to let the finest passenger transportation system ever developed die for lack of nourishment?"

Carl V. Ehrke

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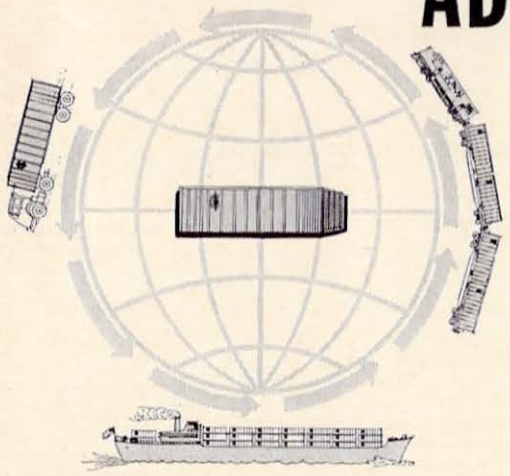

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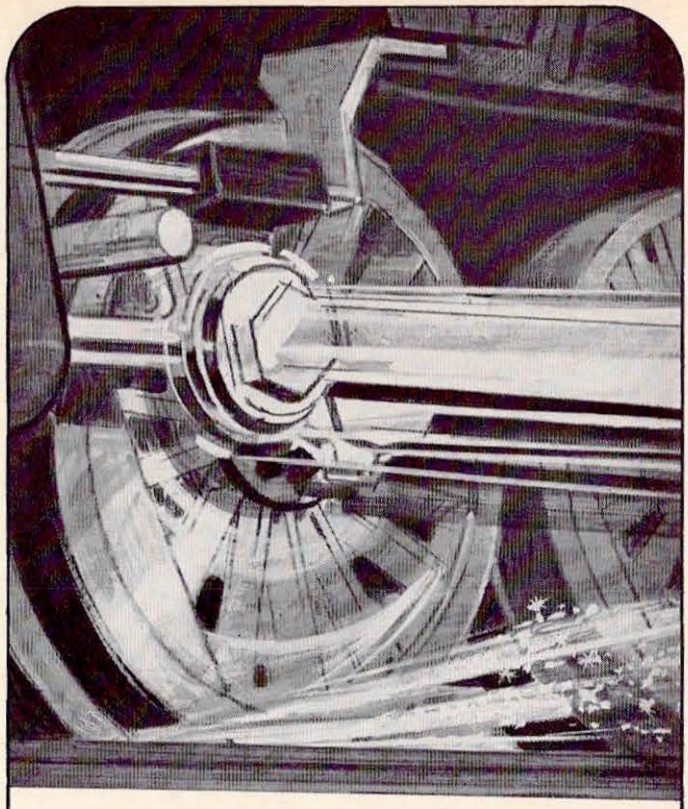
"The Pictorial Encyclopedia of Railways" (Crown Publishers, New York, 591 pp., $10.00) is made outstanding by 830 well-selected drawings and photographs, some in full color. Author Hamilton Ellis's canvas is broad in both time and place. The chapter headings give an idea of the scope of this book: Primeval Steam; Victorian Steam; Railway Conquest; Railway Buildings; Carriage Design; Steam Locomotives of the 20th Century; Tracks, Bridges and Viaducts; Electric Main Lines; Mountain Railways; Passenger and Freight Handling; City Railways; Main Line Diesels; Railway Miscellany; Signals and Telegraphs. Commentary accompanying the illustrations is brisk and well-informed; an excellent index will add to the pleasure of the selective browser. The publisher's dust-jacket claim is, in this case, valid: "No one with the slightest interest in railways could fail to be excited by this book."

•

In England it's called a "cabin," in Holland a "kabuis," in Sweden a "kabysa." In his foreword to "The Railroad Caboose" by William F. Knapke with Freeman Hubbard (Golden West Books, San Marino, Calif.; 237 pp., 165 illustrations; $7.95), *Trains* Editor Dave Morgan describes it as "the punctuation mark that concludes every freight train . . . a mobile office . . . a lookout post." By any name or description, the caboose deserves its own history —and this is it, and it is good. Author Knapke (who was born 98 years ago and retired as a Southern Pacific conductor 32 years ago) has peppered his informal history with many an ancedote that brings these pages delightfully to life for the caboose-fan. In a section called "Caboose Cookery," he describes the preparation of baked beans: "We cleaned a five-gallon oil can, cut it in two, and trimmed the top half just enough to fit into the lower part. Thus we created a false bottom which we punched full of holes. A handful of iron nuts kept it from contact with the boiler's bottom, making in effect a double-boiler of the whole affair. So if we had to leave the crummy for a while, with the beans on the stove, we didn't worry about their sticking to the bottom and scorching. We'd turn them, when fully cooked, into a shallow-baking pan, cover the top with sliced bacon, and set that pan in the oven to crisp the bacon. Those beans were fit for anybody's palate." As is Mr. Knapke's book.

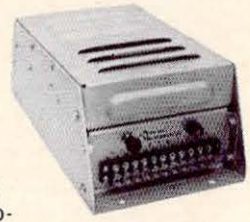
•

"Soviet Transport Experience" (The Brookings Institution, Washington, D.C. 194 pp.; $6.00), by Holland Hunter, is of especial interest to students of railroading in view of the heavy emphasis which the Soviet Union has placed on railroads in its total transportation planning. "The prestige of railroads in most Western countries has fallen seriously in recent years because of dissatisfaction with the passenger service they offer in comparison with that of automobiles and aircraft," says Mr. Holland. "The general public may have an impression that railroads are obsolete. Nothing could be further from the truth. Soviet railroads have shown conclusively what modern railroads can do under favorable conditions." Mr. Holland's scholarly and readable treatise bears out this statement. His charts and statistical tables are especially good and complete.—**L.S.M.**



stops slipping starts gripping

Summit Locomotive Electronic Wheel Slip Control System from Barco



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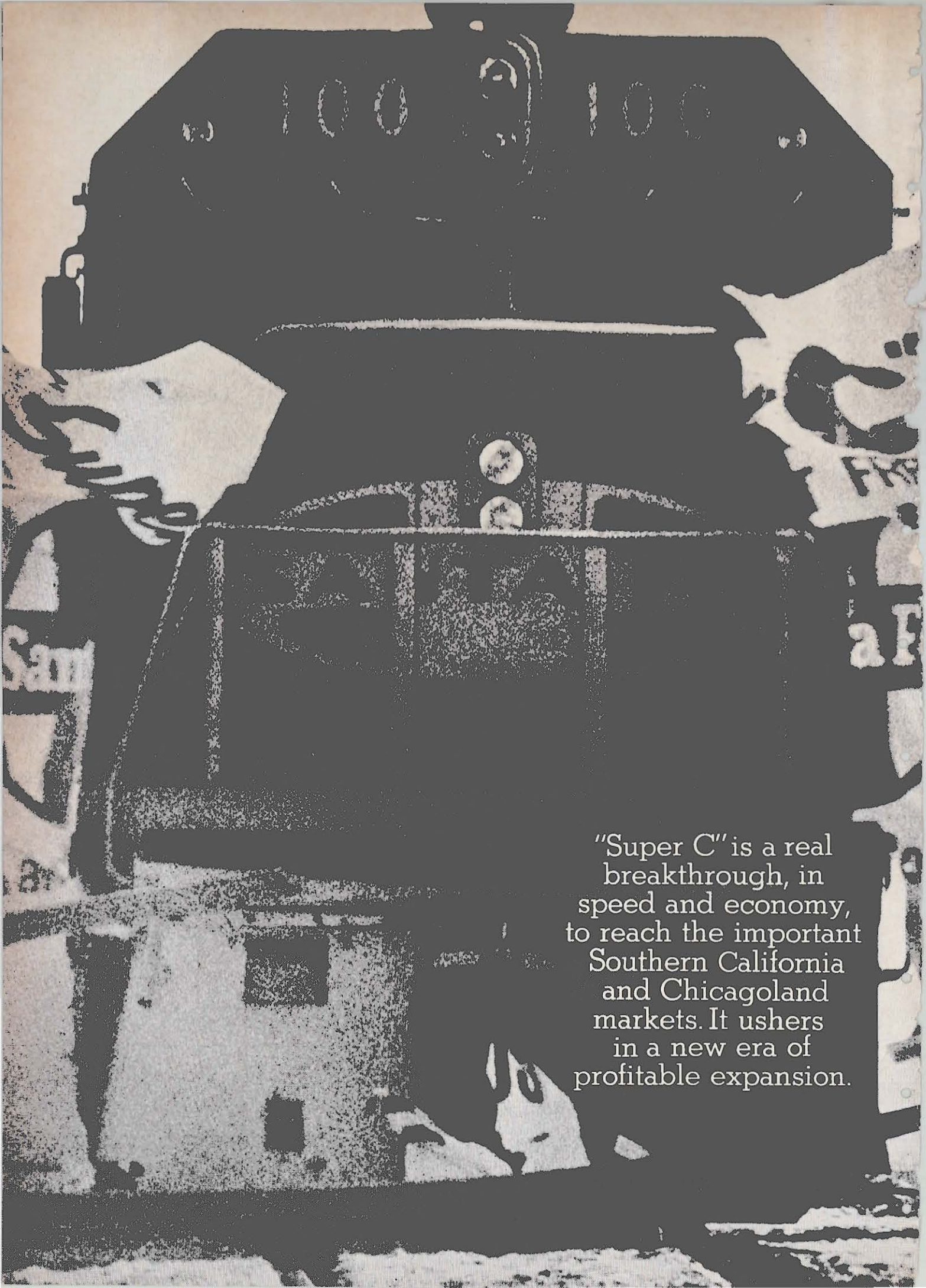

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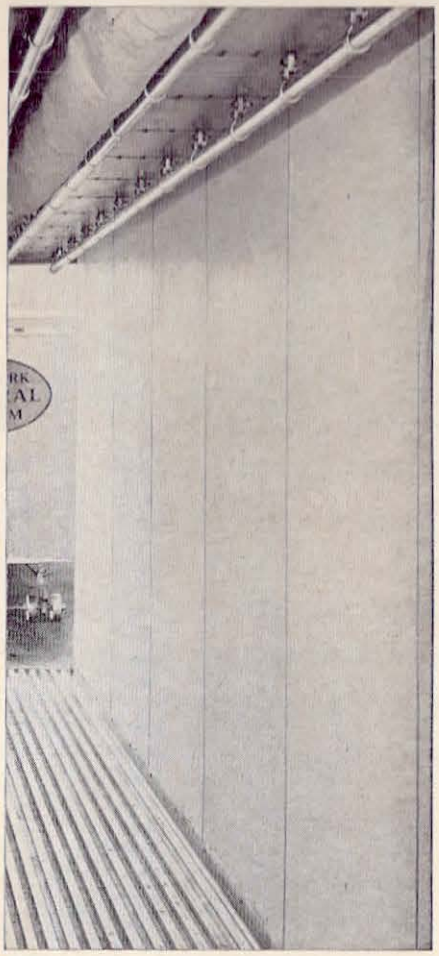

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PEOPLE IN THE NEWS

BURLINGTON.—**Richard E. Altgilbers** named regional manager-sales and rates (Texas District), Fort Worth, Tex., to succeed **Yvon E. Juge,** who retired May 1 after more than 43 years of service. The jurisdiction of **R. E. Begitske,** manager of materials, and **R. E. Clayton,** assistant manager of materials, was extended May 1 to cover all Burlington Lines.

CANADIAN NATIONAL.—**Roger P. Langlois,** customer research officer, research and development, appointed manager, customer research service, St. Lawrence Region, Montreal, succeeding **S. F. Warwick,** promoted.

H. M. Whitcombe, assistant superintendent equipment (car), Montreal area, appointed superintendent of equipment, Southwestern Ontario area, London, succeeding **R. J. Crux,** retired.

With the transfer of construction to the jurisdiction of system engineering, the following appointments have been made: **V. V. Dargis,** assistant engineer of structures, Montreal, appointed construction engineer, St. Lawrence Region, Montreal; **C. S. Dunn,** bridges and structures engineer, Toronto, appointed construction engineer, Great Lakes Region, Montreal.

New titles, office of chief engineer, Montreal: **C. G. Stanford,** assistant engineer of construction; **Z. L. Szeliski,** assistant engineer of bridges & structures; **W. L. Briggs,** industrial engineering officer; **G. L. Field,** production & programming officer; **E. H. Fisher,** engineer of work equipment; **G. S. Forbes,** assistant to engineer of work equipment; **J. A. Peebles,** engineer—special duties; **J. F. Davison,** engineer of budgets & planning; **J. G. Murray,** commission engineer; and **C. W. Wagner,** engineer of tests & development.

CANADIAN PACIFIC.—**R. L. Purdy,** district manager foreign freight, Detroit, Mich., appointed regional manager, foreign freight, Toronto, Ont., succeeding **P. E. Croghan,** promoted to foreign freight traffic manager, Atlantic, Montreal.

L. G. Laramee appointed assistant superintendent, Laurentian Division, Montreal, succeeding **J. H. Green,** resigned. **R. N. Beaulieu,** general car foreman, St. Luc, succeeds Mr. Laramee as acting assistant superintendent, Montreal Terminals. **H. G. Mouland** named general car foreman, Glen, succeeding **M. Gelinas,** who replaces Mr. Beaulieu.

E. P. Perfetti appointed assistant manager—freight rates, Eastern Region, Toronto, succeeding **R. M. Follett,** promoted.

CHICAGO SHORT LINE.—**W. James Betz,** general manager, named vice president, Chicago.

DEPARTMENT OF TRANSPORTATION.—**Fred B. Burke,** former alternate federal co-chairman, Appalachian Regional Commission, appointed deputy assistant secretary for public affairs, DOT.

Howard R. Longhurst, deputy director,

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Norman W. Kopp
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Louis M. Frye
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Bureau of Safety, Federal Railroad Administration, Washington, D.C., and **Howard W. Chandler,** assistant chief of locomotive inspection in the Bureau, retired April 30.

ELGIN, JOLIET & EASTERN.—Norman W. Kopp, assistant vice president-personnel, named to the newly created position of director of labor relations, Chicago. **Louis M. Frye,** administrator of organization planning and salary administration, appointed director personnel services, also a new position. He will have headquarters in Chicago. **Paul H. Verd,** vice president-personnel, retired Apr. 30 after 31 years' service.

FAIRPORT, PAINESVILLE & EASTERN.—Randall A. Jackson appointed trainmaster, Painsville, Ohio. **J. T. Bartish** named master mechanic, Fairport Harbor, Ohio.

FRISCO.—B. J. Lutzenberger, trainmaster, Miami, Okla., named assistant superintendent, Birmingham Terminal, Birmingham, Ala. **T. R. Blackwell,** trainmaster, Springfield, Mo., appointed master mechanic, Birmingham Terminal. **P. A. McGinn,** terminal trainmaster, Springfield, becomes division trainmaster there. **R. B. Davis,** terminal trainmaster, St. Louis, named division trainmaster, Springfield, **M. L. Thornbrough,** roadmaster, named terminal trainmaster, Springfield. **J. L. Agee,** secretary to vice president-operation, named supervisor safety and fire prevention, Tulsa, Okla. **G. M. Kirk,** division trainmaster, Joplin, Mo., named trainmaster-general agent there. **W. H. Davis,** road foreman of equipment, appointed trainmaster-general agent, Fort Scott, Kans. **L. E. Carner,** assistant trainmaster, Irving, Tex., advanced to trainmaster-St. Louis Terminal, St. Louis. **K. I. Dyche,** master mechanic, Fort Smith, Ark., appointed superintendent freight car shops, Springfield.

GRAND TRUNK WESTERN-CANADIAN NATIONAL.—John L. Bickley, passenger traffic manager, Chicago, retired April 30 after 47 years' service.

GREAT NORTHERN.—Leonard L. Van Zinderen appointed assistant comptroller-costs and statistics. He was general statistician.

A. L. Strom, district manager, Minneapolis, named area sales manager there. **J. N. Stamos,** assistant sales manager, appointed assistant area sales manager, with headquarters remaining at Minneapolis. **W. E. Murray,** district sales manager, Chicago, and **H. L. Graff,** assistant sales manager there, become area sales manager and assistant area sales manager, respectively, with headquarters at Chicago. **E. J. Kubicki,** sales manager, Atlanta, Ga., appointed area sales manager. **L. J. Warnke,** sales representative, Sidney, Mont., transferred to Williston, N.D.

GULF, MOBILE & OHIO.—Percy W. Johnston, general attorney, Mobile, Ala., appointed a general solicitor.

ILLINOIS CENTRAL.—N. E. Lahndorff, master mechanic, Waterloo, Iowa, promoted to general superintendent motive power, Chicago. Mr. Lahndorff's successor is **W. L. Jennings,** assistant master mechanic, Vicksburg, Miss. **K. G. Carriere,** diesel instructor, named to the new position of superintendent motive power. The following appointed master mechanics: **H. B. Herrin,** McComb, Miss.; **W. E. DePoister,** Paducah, Ky.; **W. C. Norton,** Carbondale, Ill. **W. H. Weber,** master mechanic, Carbondale, Ill., transferred to Memphis, Tenn.

James C. Shewbridge, manager-production engineering, **Thrall Car Manufacturing Co.,** Chicago Heights, Ill., appointed assistant mechanical engineer, IC.

John J. Walsh named manager of insurance.

ILLINOIS TERMINAL.—W. R. McOwan, general superintendent, retired Mar. 31.

MILWAUKEE.—Douglas A. Keller, assistant regional manager-sales, Pittsburgh, named regional manager-sales, Seattle, succeeding **Oliver R. Anderson,** retired (RA, Apr. 29, p. 58). **Michael J. Martin,** assistant regional manager-sales, Milwaukee, transferred to Pittsburgh, to replace Mr. Keller. **Earl E. White,** manager of foreign freight sales, Chicago, named assistant regional manager-sales, Minneapolis. **James L. Phleger,** assistant to vice president-sales and service, becomes district manager of sales, Milwaukee.

Howard A. Springer, assistant manager of grain sales, named manager of grain sales, Chicago, to succeed **Stewart P. Elmslie,** retired (RA, Apr. 29, p. 58). **W. Edward Cartwright** appointed manager of foreign freight sales, Chicago. During the past year, Mr. Cartwright, in addition to his position as manager of forest products sales, has served as assistant to the sales vice president, handling

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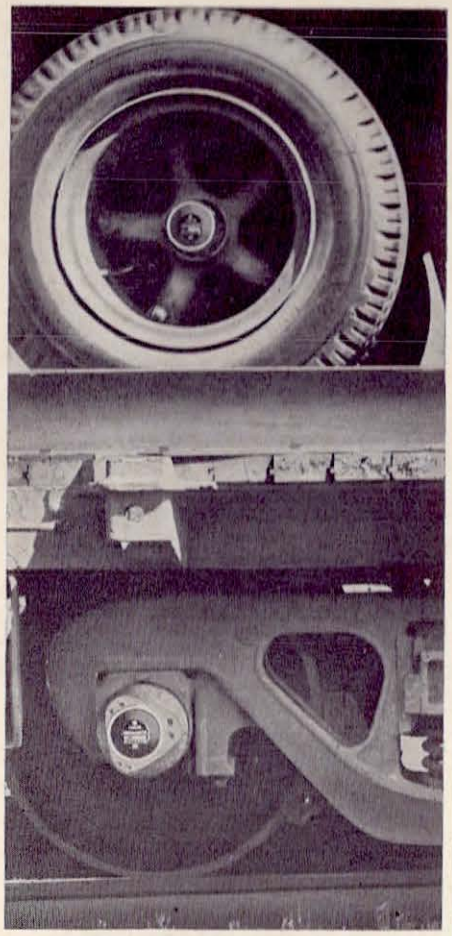

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special assignments related to import-export traffic.

MISSOURI PACIFIC-TEXAS & PACIFIC.—**H. J. Chatfield,** assistant secretary, retired May 1.

NEW YORK, SUSQUEHANNA & WESTERN.—**William T. Frazier** appointed vice president, operations and maintenance, Edgewater, N.J.

NORFOLK & WESTERN.—**Irwin H. Soldwish,** director, budget and planning department, elected vice president—budget and planning. **Daniel L. Kiley,** director of income tax administration, appointed assistant vice president—taxation. **Richard H. Hahn,** assistant general attorney, promoted to assistant general solicitor.

READING.—**David C. Friedman** appointed public relations representative, Philadelphia. He was formerly a newspaper reporter.

ROCK ISLAND.—**William J. Pasta** named project manager-operating data systems; **Richard B. Smith,** project manager-equipment data systems; **Edwin W. Magee,** manager of systems development-disbursements accounting systems, all with headquarters at Chicago.

In the Purchasing & Stores Department, **Randall G. Vick** named administrative assistant; **Charles V. Adams,** system material coordinator; **Charles E. Johnson,** automotive fleet supervisor.

SOO LINE.—**Carl W. Schoch** appointed manager of employment, to succeed **Paul H. Sullivan,** who retired Apr. 30 after 47 years of railroad service, 18 with the Soo. Mr. Schoch was previously associated with **Federal Cartridge Corp. Harry W. Ellefson,** trainmaster, Marquette, Mich., becomes assistant director of personnel, to replace **Paul E. LaCosse,** resigned.

Douglas F. Kemmer, trainmaster, Fond du Lac, Wis., named to the newly established position of assistant superintendent, Eastern Division, Marquette, Mich. **Walter E. Knutson** transferred from Enderlin, N.D., to succeed Mr. Kemmer. **Kermit R. Bovee,** terminal trainmaster, Superior, Wis., named terminal supervisor there. **B. C. Tepp,** yardmaster, Stevens Point, Wis., becomes terminal trainmaster at that point.

SOUTHERN PACIFIC.—**Henry J. W. Klehs** named assistant general fire prevention engineer, San Francisco.

TOLEDO, PEORIA & WESTERN.—**F. L. Hawkins,** assistant general freight agent, promoted to assistant to vice president—traffic, Peoria. **C. C. Miller,** district traffic manager, named assistant to vice president—traffic, in charge of containerization and trailer-on-flat-car traffic. **R. D. Moore,** general freight agent—rates and divisions, promoted to assistant freight traffic manager—rates and divisions; and **M. J. Faley,** chief rate clerk, named assistant general freight agent, both reporting to **R. K. McGee,** freight traffic manager. **A. D. Gebhardt,** district traffic manager, promoted to assistant traffic manager, reporting to **C. E. Zeman,** traffic manager.

UNION PACIFIC.—**Reid T. Griffin,** general freight and passenger agent, Salt Lake City, retired Apr. 30 after more than 46 years' service. **Homer O. McIntyre** named assistant traffic manager, Salt Lake City. **F. M. Young** appointed general traffic agent, Ogden, Utah. **E. A. Sorenson** appointed storekeeper, North Platte, Neb.

WESTERN MARYLAND.—**Roy J. Peterson,** assistant western sales manager, Chicago, appointed manager of market development, Baltimore.

WESTERN PACIFIC.—**James E. Baker,** manager sales-special equipment, marketing division, named to the new position of manager-equipment utilization. **Robert B. Redus,** supervisor-operating information system, appointed to the newly created position of manager-transportation information. The appointments are part of Phase I of a newly formed transportation center to give better service to customers through improved car distribution procedures and utilization. The transportation center is under the supervision of **Kenneth V. Plummer, Jr.,** superintendent of transportation.

INDUSTRIAL TRAFFIC

James L. Negron has been appointed traffic manager, **CTI-Container Transport International Inc.,** at Chicago. He was formerly assistant export traffic manager, Phelps Agency, Chicago.

Gordon A. Rodgers has been appointed traffic manager—western operations, **Allied Chemical Corp.,** San Francisco. He was formerly with Union Carbide Corp. in San Francisco.

Walter F. Cornick has been named manager of traffic services and administration, **International Paper Co.,** New York.

Kenneth W. Hessler has been appointed general traffic manager, **Occidental Chemical Co.,** Houston, Tex. Formerly he was manager of traffic, International Minerals & Chemicals Corp.

Frank Clair Williams has been named to the newly created position of manager, distribution services, **Gulf Atlantic,** Houston. He was executive vice president, Service Warehouse Corp., Huntington, W. Va.

Carl W. Fisher has been appointed traffic specialist, **Indiana Farm Bureau Cooperative Association,** Indianapolis, Ind.

Leland D. Smith, assistant director of transportation, **Stauffer Chemical Co.,** Houston, has retired.

William H. Broderick, manager of distribution, product supply and distribution department, **Mobil Oil Corp.,** New York, has been named manager of a new unit, the distribution and traffic department, North American division. **Harold B. Brown,** formerly general traffic manager, recently resigned from Mobil to become sales vice president, Associated Transport, Inc., New York.

Kent E. Lambert has been appointed assistant to director of transportation and distribution, **Boise Cascade Corp.,** Boise, Idaho. Mr. Lambert joined the company in 1965 and has worked in production and administration assignments, Container Division.

Gerald J. Maloney has been appointed general traffic manager, **R. J. Reynolds Foods, Inc.,** New York. He was formerly associated with Monsanto Co., Kenilworth, N.J. Mr. Maloney is 2nd vice president, Eastern Industrial Traffic League.

John P. Loughnane, corporate traffic manager, **Nalco Chemical Co.,** Chicago, has been named traffic manager, **Procon Incorporated,** Des Plaines, Ill., a new position.

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(They're really railroadmen who think like lumbermen.)

James U. Dickson, Jr. (left) and Will C. Hageman, Marketing Managers for Forest Products, Great Northern Railway

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Great Northern has other marketing managers, each concentrating his knowledge and ingenuity on another major industry. To do his job well, each man is determined to know his customers' business—inside and out—to see the significant needs from the customers' point of view. Then he can tap every specialized brain and skill of a mighty transportation system for the most resourceful answers.

Ingenuity, innovation and change are the new order. Will Hageman, Jim Dickson, and their marketing colleagues are surely and swiftly changing our business. It's no longer railroading. Our business is *your* business, and we want to make it grow. We're making it hard to tell your man and our man apart.

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DOW

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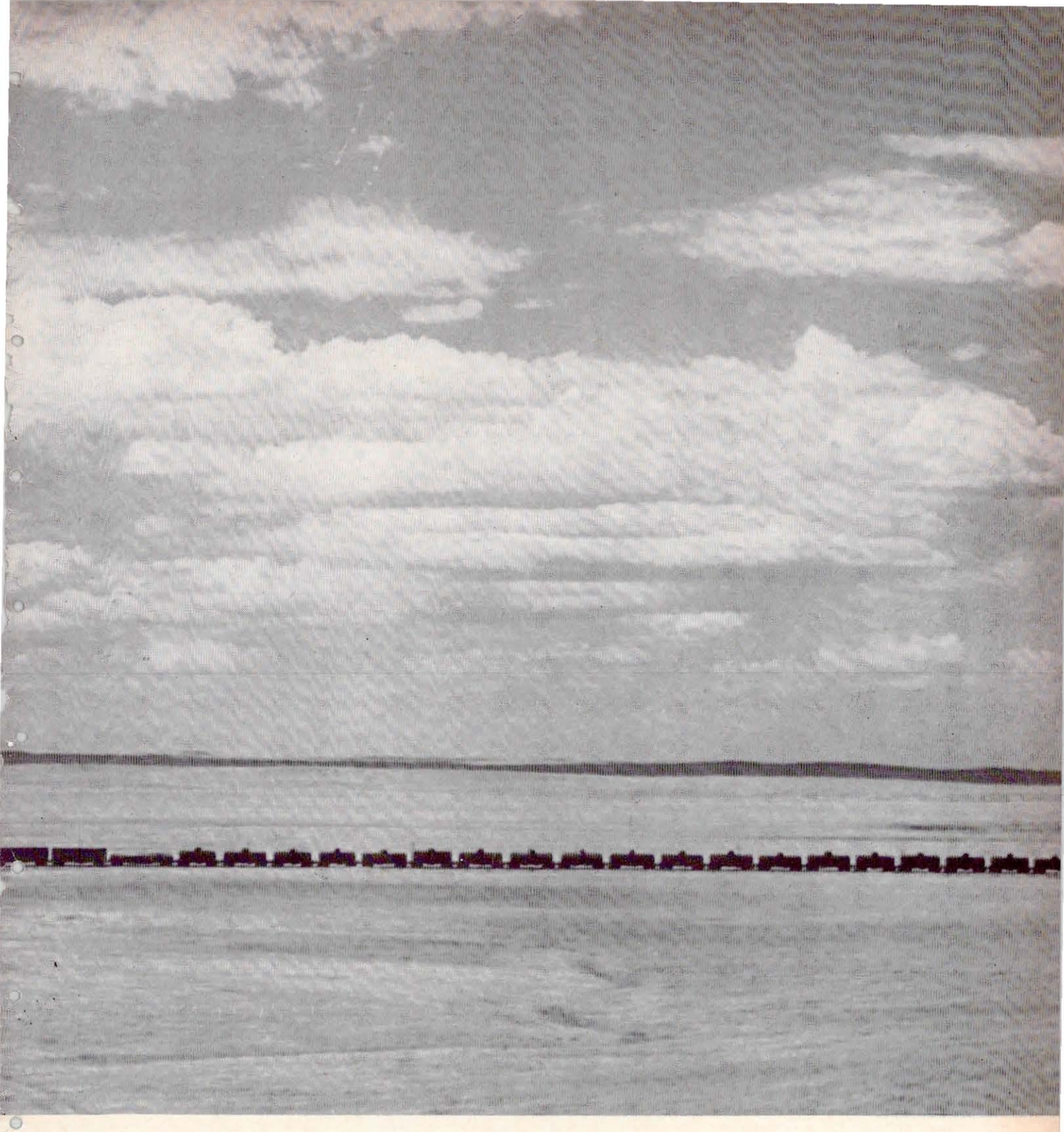
It's turning around faster, thanks to new loading and unloading devices. (And shippers are getting better service, lower costs!)

It's riding more and more on welded rail—maintained with ever more ingenious track machines.

It's pulling cars that are ever more varied in size, in shape, in cushioning, in function. They carry the red hot, the frozen, the fluid, the powdered, the rigid, the



bigger!

fragile, the too huge and heavy to travel any other way.

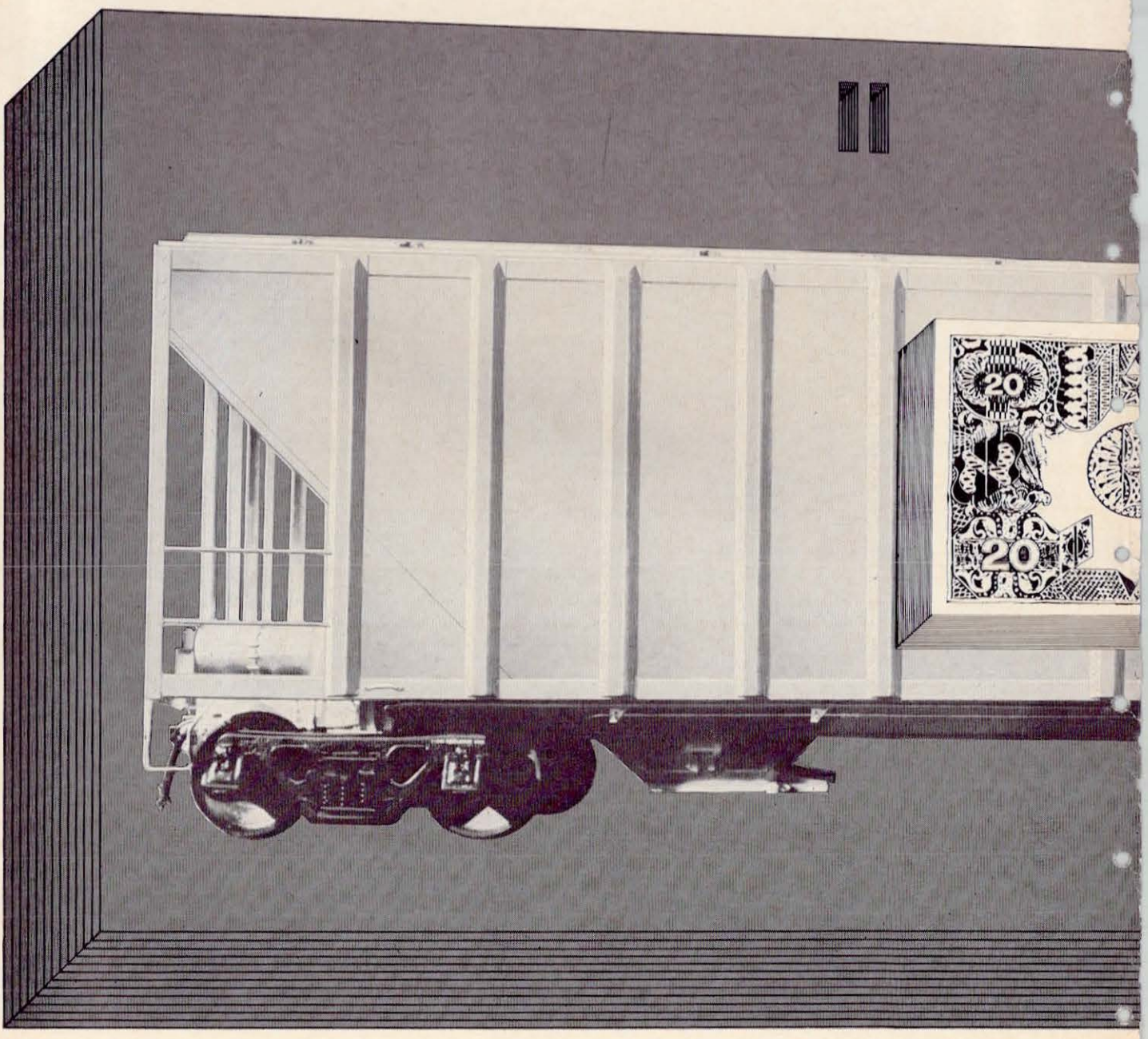
Increasingly, the immortal Iron Horse is obedient to a whole new structure of human and superhuman brain-power—with automatic sensing devices, new signaling and communications, new computerization—all bringing new speed, new accuracy, new efficiency.

New, new, new—that's the way it is in today's new railway age. How do railroaders keep up with all this progress? Through the pages of weekly RAILWAY AGE. What a place to tell people what's new with *you!*

Be part of the weekly excitement in **RAILWAY AGE** *the transportation weekly*

If you think your cars cost less than aluminum cars, have a computerized cash-flow analysis on us.

Alcoa's present worth cash-flow analysis is an accurate and objective method of evaluating your investment in hoppers, gondolas and other cars. More important, it gives you greater insight into a car's lifetime profit picture. Before you buy another car, find out how many of your profit dollars will be affected by:



lading capacity, accelerated depreciation, investment credit, residual car value, body maintenance, tare weight and motive power costs, right-of-way maintenance, per diem revenue and other factors. There's more to consider than first cost. Learn the long-term truth about freight-car investment.

Aluminum Company of America, 1710-E Alcoa Building, Pittsburgh, Pa. 15219
Send me further information about
☐ Alcoa's computerized present worth cash-flow analysis for aluminum cars.

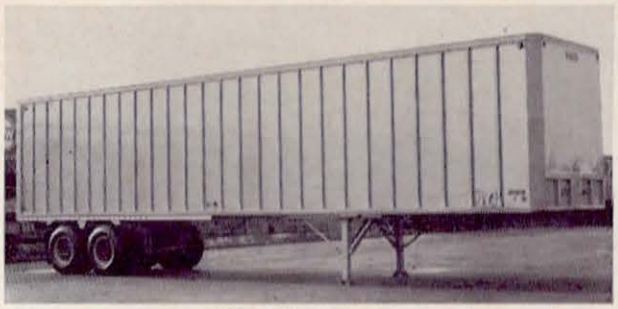
Name_____
Title_____
Company_____
Address_____
City_____ State_____ Zip_____

Change for the better with Alcoa® Aluminum

ALCOA

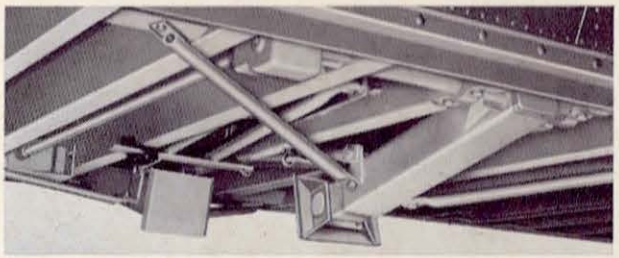
Circle 38 on coupon page 84

For transportation savings, **YOU CAN'T BEAT THE FRUEHAUF FLEXI-VAN SYSTEM...**



1. When a Fruehauf Flexi-Van Container arrives at the rail siding, it looks exactly like an over-the-road trailer.

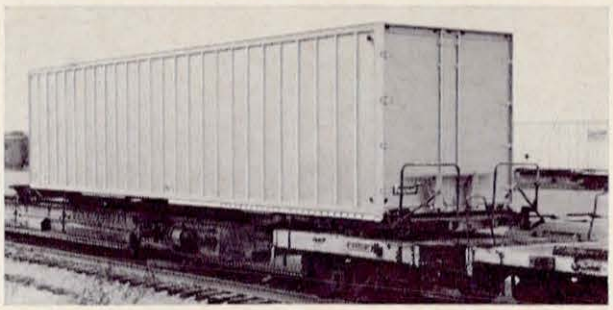
2. In preparation for loading on the Flexi Quad Railcar* the ICC bumper swings up out of the way.



3. Supports fold to the center between crossmembers, out of the way for loading, traveling and unloading.

4. Special yard tractor maneuvers container onto Flexi Quad Railcar's turntable. Leaving bogie where it stands . .

5. . . . the tractor then swings the container parallel to the car. A transfer piston gives a final nudge . . .



6. . . . and the Fruehauf Flexi-Van Container is loaded, locked in place and ready to roll.

Fruehauf coordinates road and rail transport with fast, efficient, Flexi-Van Container system!

Fruehauf's Flexi-Van Container system is designed for smooth, efficient, economical coordination of road and rail transport, is adaptable to sea and air shipments, as well. Individual Flexi-Van Containers can be side-loaded onto specially-built Flexi Quad Railcars and unloaded without the need for cumbersome, expensive lifting equipment. Your Fruehauf representative will explain the principles and economies of the highly developed Flexi-Van Container system in detail. Or write to **Fruehauf Division, Fruehauf Corporation, 10942 Harper Avenue, Detroit, Michigan 48232.**

*Product of Magor Railcar Division, Fruehauf Corporation

FRUEHAUF CONTAINERS
Warehousing in Motion

A Fruehauf means more . . . more when you buy or lease it . . . use it . . . trade it!

U. S. Seaport Service Branches: Baltimore • Boston • Houston • Jacksonville • Kearny, N.J. • Los Angeles • Maspeth, Long Island • Miami • New Orleans • Norfolk • Philadelphia • Portland, Ore. • San Francisco • Seattle • Tampa • Complete container service facilities are also located at many inland Fruehauf Branches in the United States and Canada—as well as overseas.

Circle 14 on coupon page 84

Want to feel like you own a railroad? Then ship the Action Road!

The chain of command begins with you on the Rio Grande, a railroad that's just the right size to serve shipper's needs with right-now action. Dispatches your shipment in a hurry on a short, fast train. Locates your cars in mere seconds by computer. Develops special cars for your special cargo. Provides dock-side pickup and off-track delivery. Offers innovations in TOFC. Searches for savings in depth to cut your total cost of distribution. A round of service like that can make any shipper say . . . "That's MY railroad . . . the Rio Grande."

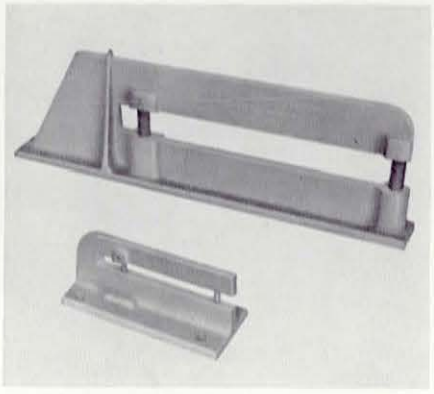
Rio Grande *the ACTION road*

Call the Rio Grande ACTION Man in Your City
DENVER & RIO GRANDE WESTERN RAIL/ROAD

NEW PRODUCTS REPORT

Reusable container (RA-1)

Taicon, a gravity-filled container for semi-bulk handling and shipping, is said to be practically indestructible and compatible with all modes of transportation. The 24 standard sizes, in capacities from 7 to 88 cu ft, carry from 400 to 5,000 lb. The containers are made of polyester fabric coated with polyvinyl chloride resin, reinforced with a nylon sling construction. When empty, they can be folded into small packages. *Taicon, Mitsui.*



Radio antenna (RA-2)

A rust- and damage-resistant cast aluminum antenna with a low-silhouette configuration utilizes a large base contact surface to increase efficiency in vehicle roof-top service. Excaliber models are offered for frequency ranges of 157-164 mHz and 450-470 mHz. Both standard units are rated at 50 ohms impedance, with power ratings of 200 watts and 300 watts, respectively. The 150 mHz Excaliber is 6¼ in. high. *Sinclair Radio.*

Portable radio (RA-3)

The new Carryphone III portable radio weighs only 28 oz. It has built in shock protection, plus a rugged die-case exterior.

There are exclusive transmitter audio compression circuits, plus an extra-sensitive receiver with full-range sound quality. Carryphone III will operate on mercury or rechargeable nickel-cadmium batteries. *Signal & Communications Division, Westinghouse Air Brake Company.*

Trailer Tug (RA-4)

The 22-ft turning radius of the Trailer Tug, designed to decrease downtime in trailer yards, is accomplished through a 40-deg steering box mounted on a 120-in. wheel base and using 140 V-6 horsepower transmitted through an automatic four-speed transmission. An air-elevated fifth wheel with an 11-in. lift operated from cab permits hook and release from driver's seat having 360-deg swivel. The fiberglass and aluminum cab tilts 90 deg. *IBEX Motor Truck Corp.*

Plastic lining (RA-5)

Duralun Liner has been developed by applying fiberglass reinforced plastic over ¼- to ⅜-in. plywood. It is available in sizes 8 ft wide to 160 ft long and can be cut to specified sizes for use in refrigerated trucks, freight cars, tanks and kick plates. According to the manufacturer, the liner does not absorb odors; is easy to clean; and can be nailed, drilled and bolted. Materials used are MID or FDA approved. *Lunn Laminates, Inc.*

RAILWAY AGE
THE TRANSPORTATION WEEKLY

30 Church Street, N.Y., N.Y. 10007 READERS' SERVICE (Att. George Johnson)

PLEASE SEND ADDITIONAL INFORMATION ABOUT PRODUCTS IN ADVERTISEMENTS NUMBERED: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48

PLEASE SEND INFORMATION ABOUT PRODUCTS DESCRIBED ON PAGE 84 MARKED: RA-1 RA-2 RA-3 RA-4 RA-5

NAME ..... TITLE.....

COMPANY .....

ADDRESS .....

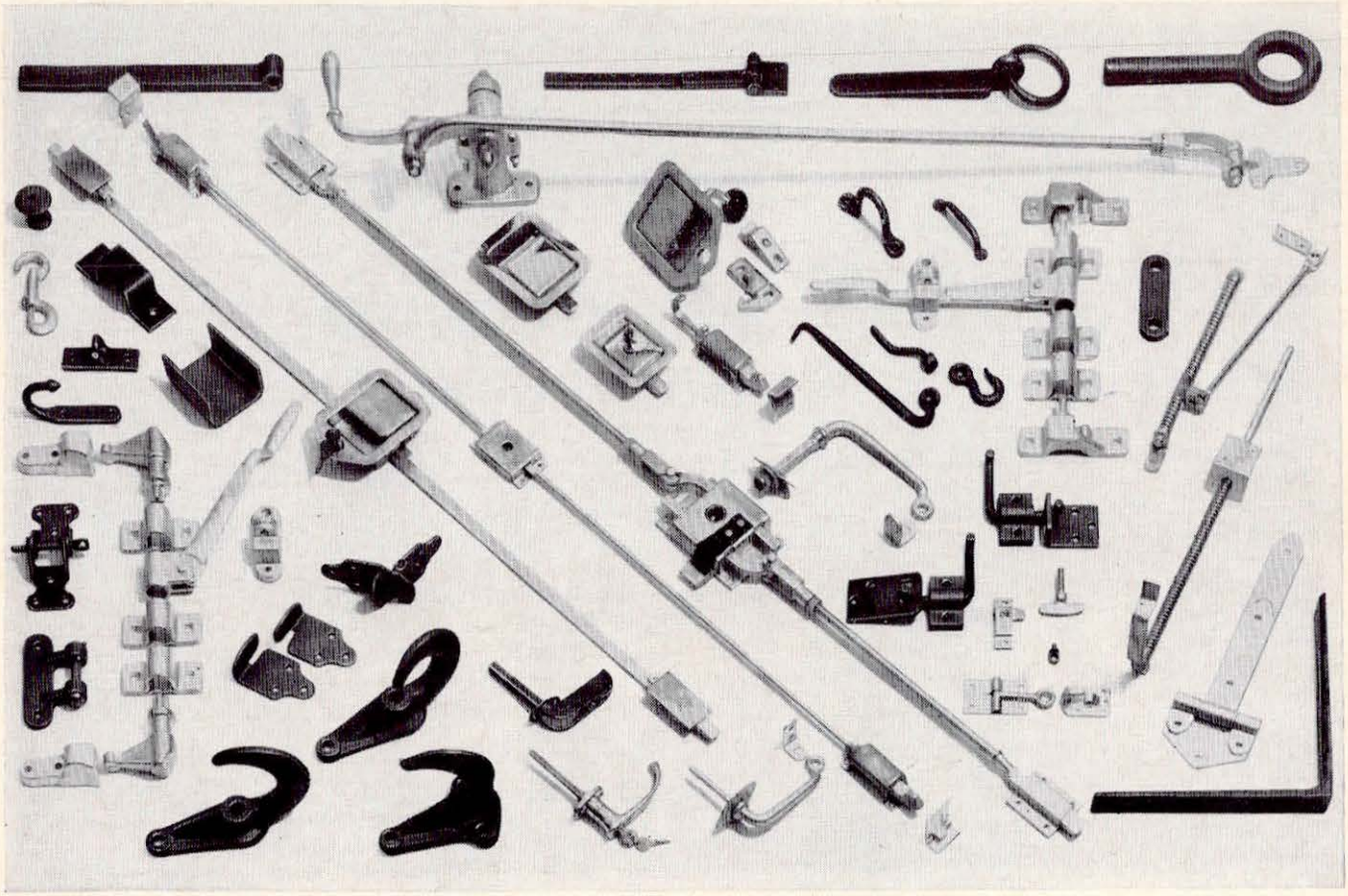
CITY ..... STATE..... ZIP.....

● Inquiries can be processed only if title and company are shown. 5/27/68

PORTER

TRUCK BODY HARDWARE

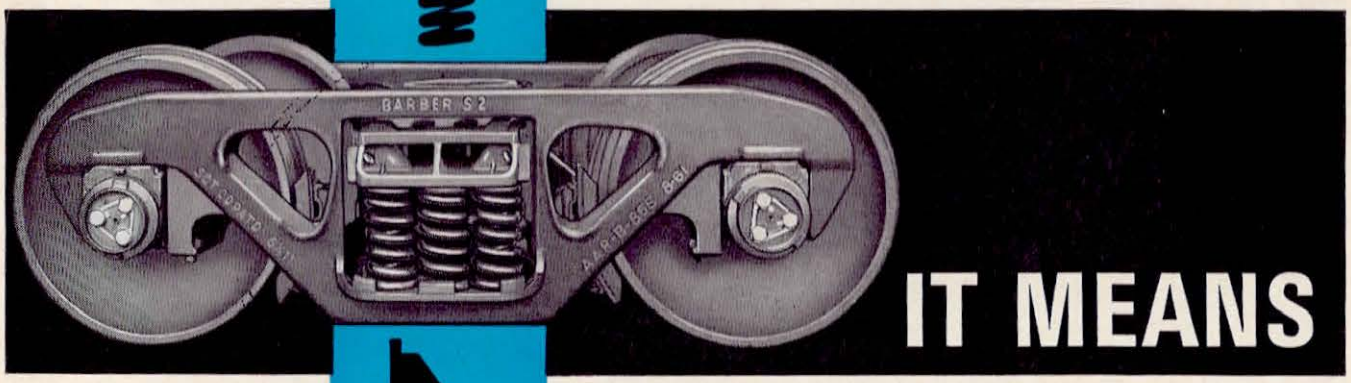
Get extra years of trouble-free service with Porter forged hardware. Stronger than cast parts, yet competitively priced. Door locks and hinges available to fit most applications from pickup to heavy-duty van or trailer. Broad line of hardware ready to ship from stock or will manufacture to your specifications. Write Fabricated Metals. Porter Building, Pittsburgh, Pennsylvania.



PORTER **FABRICATED METALS DIVISION**
H. K. PORTER COMPANY, INC.

Circle 42 on coupon page 84

What does the "TOTAL DESIGN CONCEPT" of the BARBER STABILIZED TRUCK *REALLY MEAN?*



MONEY SAVING PERFORMANCE!

The Barber Stabilized Truck gives greater lading protection, longer service life, lower maintenance . . . significant savings in time and money in every area of performance. It's lower in first cost, too!

"Talk to the Man from Barber"

BARBER
STANDARD CAR TRUCK COMPANY
CHICAGO • PHILADELPHIA • MONTREAL

3544

Santa Fe gets partial victory in train-off case

Santa Fe, a railroad that has made a valiant effort to keep its passenger service alive while trains all around it were dying off, has come out of its latest ICC train discontinuance case with a split decision.

The railroad has been seeking to drop two money-losing Chicago-Los Angeles trains, "The Chief," and the "Grand Canyon." Together, operation of the trains has been resulting in annual losses of more than $3 million. The Commission, after an investigation, has ordered the road to continue to operate the "Grand Canyon" for a year —but gave permission for Santa Fe to drop its more heavily patronized "Chief."

In directing continued operation of the Grand Canyon, the Commission said Santa Fe "should give due consideration to providing in the continuing operation of the Grand Canyon reasonably adequate dining and sleeping facilities in the train consist. It should continue the non-reservation nature of the coaches on the Grand Canyon, and decide whether to institute on the same train reserve chair facilities or other services required to satisfy the public at reasonable extra charge."

It said the railroad's "purported objective of 'restructuring' passenger train service should include more than the sole determination of which trains to seek to discontinue." It suggested that in addition to providing adequate dining service (to eliminate station stops for meals) and sleepers, the road should set up faster schedules.

● **AAR files petition.** Meanwhile, the AAR filed a petition with the Commission in a passenger case involving Southern Pacific that was expanded to include all of the nation's rail passenger service. That investigation, by Examiner John S. Messer (RA, April 29, p. 48) said the Commission had the power to prescribe standards for passenger train service.

The AAR, in requesting entry into the case, said the ICC "lacks jurisdiction and authority to exercise control over railroad passenger-car and passenger-train service," and had no authority to "prescribe minimal standards for passenger trains."

● **Train-offs asked.** The Santa Fe filed last December to drop trains Nos. 23 and 24, the "Grand Canyon," and Nos. 19 and 20, "The Chief." Both trains operate daily between Chicago and Los Angeles over 2,200-mile routes.

The Chief operates as a luxury, all-Pullman train on a fast schedule. The Grand Canyon, originally of the same nature, has changed in makeup over the years to serve intermediate-point travel. The equipment in use on both trains is lightweight, all-steel, streamlined and air-conditioned. And, notes the ICC, the cars "are thoroughly cleaned prior to each terminal departure." The "Super Chief" and "El Capitan" serve the same areas, and the "San Francisco Chief" operates over part of the same route.

● **Losses are heavy.** Patronage on the four trains dropped from 457,000 in 1965 to 432,000 last year. The Chief has been carrying about 400 passengers daily, and the Grand Canyon about 200.

When mail was taken off the trains last fall, The Chief suffered losses of $2.1 million in revenues and the Grand Canyon lost $3.6 million.

Many of the reasons supporting the conclusions of officials and civic leaders who opposed the discontinuances "are expressed in terms of fear," the ICC said. "Generally, the opinions were not founded upon studies of the public need, and were without the benefit of knowledge of the contentions of Santa Fe as to the economic results of operation of the trains."

The report said that the most vocal criticisms of Santa Fe's passenger service were from employees who operated the trains, who accused the road of letting the service deteriorate.

The ICC said "our view of the record supports the public's general conclusions in regard to the high quality and desirability of the passenger service provided by Santa Fe."

"We are of the view that discontinuance of both pairs of trains would not leave the public with satisfactory alternate train service," the Commission declared. "While some of the reasons supporting continuation of the Grand Canyon are similar to those for continuation of the Chief, we find that more beneficial results can be achieved by permitting discontinuance of the Chief. The transcontinental characteristics of the Chief are present in three other Santa Fe trains not involved here. On the other hand, the Grand Canyon will serve the purpose of providing adequate intermediate point service. A substantial need for the latter has been shown by the testimony of record."

The loss of mail revenues triggered a "restructuring" of passenger operations by the railroad, but the road also listed other reasons for its discontinuance petitions: shrinking patronage and revenues, and increased related operating costs.

Santa Fe argued that both pairs of trains be discontinued; that to require the one-year continued operation of the Grand Canyon would be a solution of a "temporizing nature only," and would only mean continued losses for the line.

"It must be acknowledged that these trains are being operated at a substantial out-of-pocket loss and that their continued operation under present circumstances would involve a burden upon this carrier and interstate commerce. That conclusion is not disturbed by the fact that the carrier's overall system operations are profitable," the ICC stated.

It added, however, that "other factors must be considered such as the size and nature of the numerous communities served by the two pairs of trains involved and the relative reliance of the public upon the passenger service provided by the particular trains." ■

Rail Transportation Specialists

$9,710 - $18,320

To implement an important rail rapid transit program, the newly created New York State Department of Transportation needs graduate engineers with experience in planning rail transportation facilities, including traffic projections, route location, operational and technical studies; or, the planning of railroad freight facilities or transportation centers.

This is an excellent opportunity to become part of an exciting new and expanding program.

Salaries are commensurate with experience.

For further information write:

Mr. B. L. Carbone
N.Y.S. Dept. of Civil Service
R-594-A, Albany, N.Y. 12226

New York State Residence **Not** Required.

never... worry about flat tires again!

Flats are REALCO's problem, not yours . . . when you're using piggyback trailers from The National Railroad Trailer Pool.

You see, REALCO immediately repairs and replaces tires and absorbs the cost—every bit of it—for the life of the trailer. All it takes is a phone call. Our spare tires are stocked at over 40 locations and serviced *anywhere*.

Actually, tire service is merely one example of the benefits that members enjoy in The National Railroad Trailer Pool. REALCO constantly passes along to members the growing service economies that only size, scope and experience can create.

REALCO full service also provides for $150 Trailer Damage Protection; a fleet of Mobile Service Units; REAL Service repair facilities; and nationwide repairs on call . . . all handled by capable mechanics.

REALCO invests in quality trailers. REALCO services keep them that way.

We'd like to tell you of more dramatic advantages . . . such as REALCO Centralized Accounting and interchange per diem collection. Contact REALCO now:

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Serving THE NATIONAL RAILROAD TRAILER POOL

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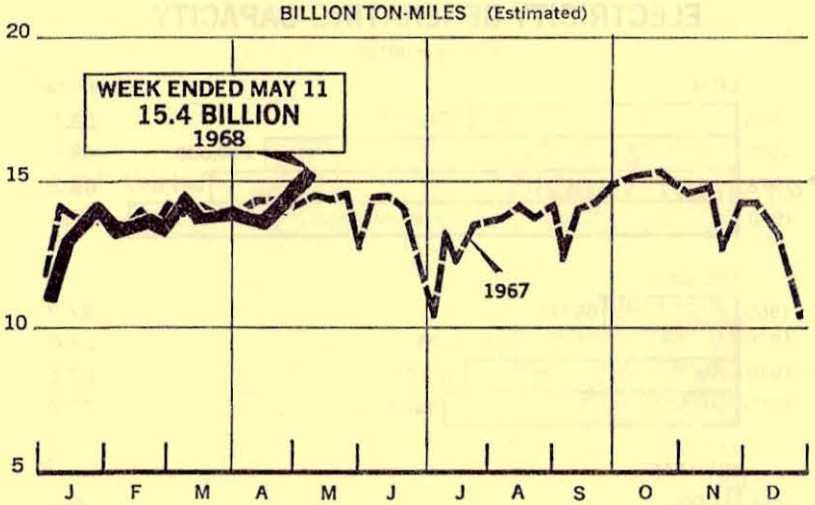
HEADQUARTERS ■ CHICAGO 60607, 433 W. HARRISON ST.

Circle 45 on coupon page 84

RAIL FREIGHT TRAFFIC TRENDS



Source: Association of American Railroads

AFTER-TAX NET INCOME OF SELECTED NON-FINANCIAL CORPORATIONS*

(DOLLAR FIGURES IN THOUSANDS)

	FIRST QUARTER 1968	FIRST QUARTER 1967	FOURTH QUARTER 1967
RAILROADS (34)	$134,656	$138,112	$203,485
COMMON CARRIER TRUCKING (34)	18,475	14,658	22,918
AIR AND OTHER TRANSPORTATION (29)	46,947	81,776	83,396
ELECTRIC POWER, GAS, ETC. (105)	853,882	792,179	701,246
TELEPHONE AND TELEGRAPH (12)	618,869	547,091	624,240

Source: Monthly Economic Letter, First National City Bank New York.
*Figures in parentheses are numbers of companies surveyed in each category.

Current statistics

Carloadings, revenue freight	
20 wks., 1968	10,559,860
20 wks., 1967	10,701,177
New freight cars on order	
Apr. 1, 1968	22,933
Apr. 1, 1967	42,055
New freight cars delivered	
3 mos., 1968	16,179
3 mos., 1967	24,474
Serviceable cars	
Apr. 1, 1968	1,401,160
Apr. 1, 1967	1,422,997

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sing Corp. Chessie Corp. (com-
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ontrol system. An operator at a
y, headquarters for C&O/B&O's
movement of all trains over the
expected to begin soon and will
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ent, the entire section is double-
y-vapor lighting will be installed
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–General Railway Signal is sup-
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retarders from Signal & Com-
O as part of the modernization
ıtion yard in Harrisburg, Pa.

YOU OUGHT TO KNOW

SFI will amend exchange offer for ATSF stock

Santa Fe Industries, Inc., is seeking SEC approval for amending its exchange offer for Santa Fe railroad stock so holders of railroad preferred would have the following alternatives: They could choose either (1) an Industries 6¼% subordinated debenture convertible before Aug. 1, 1988, into 3.125 shares of Industries common per $100 principal, or (2) an Industries $.50 cumulative preferred stock, without par value on a share-for-share basis, convertible before Aug. 1, 1988, into .275 of a share of Industries common. Each $100 of debentures would be worth 10 shares of railroad preferred. Holders of Santa Fe railroad common would be offered Industries common on a share for share basis.

Big market seen for aluminum containers

W. H. Mansfield, chairman of the Aluminum Association's Cargo Container Marketing Subcommittee, predicts that "aluminum, in just five years, will build its share of the van and piggyback container market to an annual metal consumption rate of over 60 million pounds." Mansfield says the 68,000 aluminum containers now employed in U.S. and foreign trade represent 80% of all cargo containers. By 1972, 260,000 containers will be in service; 75% will be be aluminum.

Northwestern announces fall schedule

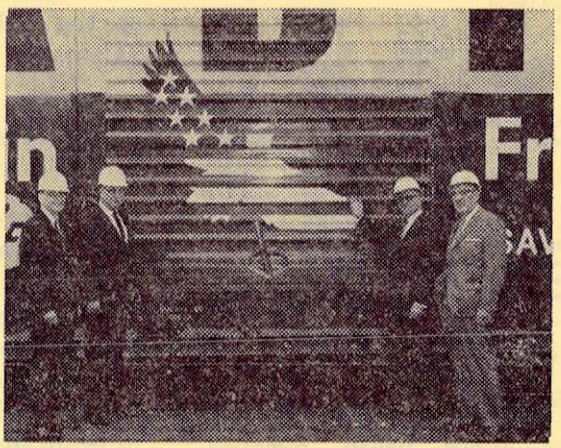
Three major management development programs have been scheduled for the 1968 fall season of Northwestern University's Transportation Center. They are Airline Management Development, Sept. 11-12; Marketing Strategy, Oct. 12-19 and Profit Strategy, Nov. 9-16.

SP moves into a $22-million computer system

The first units of Southern Pacific's computerized Total Operations Processing System (TOPS) now are working, and full development will come by 1970. "With TOPS, we will be able to have accurate, instant information on all phases of our operations and for all levels of management at our fingertips," says Benjamin F. Biaggini, SP president. SP also is completing a 760-mile microwave line between El Paso and Houston. Next year the line will be extended 1,075 miles from Houston to St. Louis. Currently being planned is a 275-mile coal slurry pipeline to move coal from northern Arizona to Nevada.

UP, L&N, EJ&E, B&LE, K&IT win safety awards

National Safety Council employee safety awards are going to Union Pacific; Louisville & Nashville; Elgin, Joliet & Eastern; Bessemer & Lake Erie; and Kentucky & Indiana Terminal—each road top-ranked in its class, based on millions of man-hours worked. NSC is also citing the Pullman Company's Calumet Shops, in this 41st annual program.

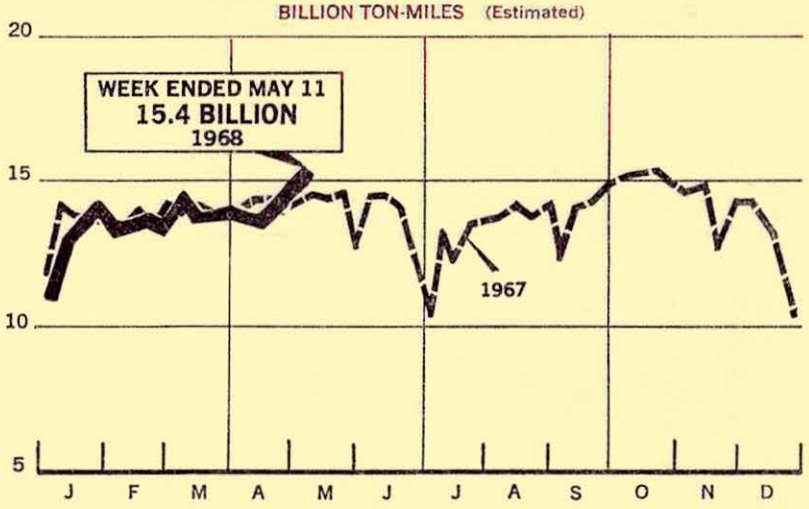


Reading aids bond drive with car promoting sales

A new Reading box car has been decked out with red, white and blue eagles and slogans publicizing the 1968 Share In Freedom Savings Bond drive sponsored by the U.S. Treasury Department. Shown with the car at the Reading shops are James Marvin, Pennsylvania director of the Treasury Dept.'s savings bond division; Reading President C. E. Bertrand; Robert S. Reider of the Treasury Dept.; and Arthur T. Wilkinson, Reading assistant general auditor.

RAIL FREIGHT TRAFFIC TRENDS

BILLION TON-MILES (Estimated)



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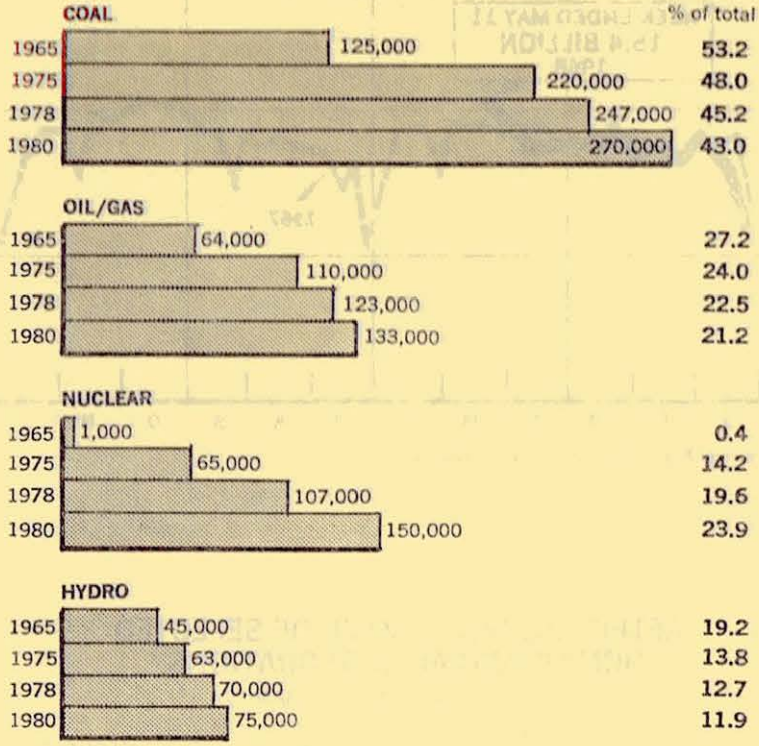
3 mos., 1967	24,474
Serviceable cars	
Apr. 1, 1968	1,401,160
Apr. 1, 1967	1,422,997

SOURCES OF U.S. ELECTRICITY-GENERATING CAPACITY

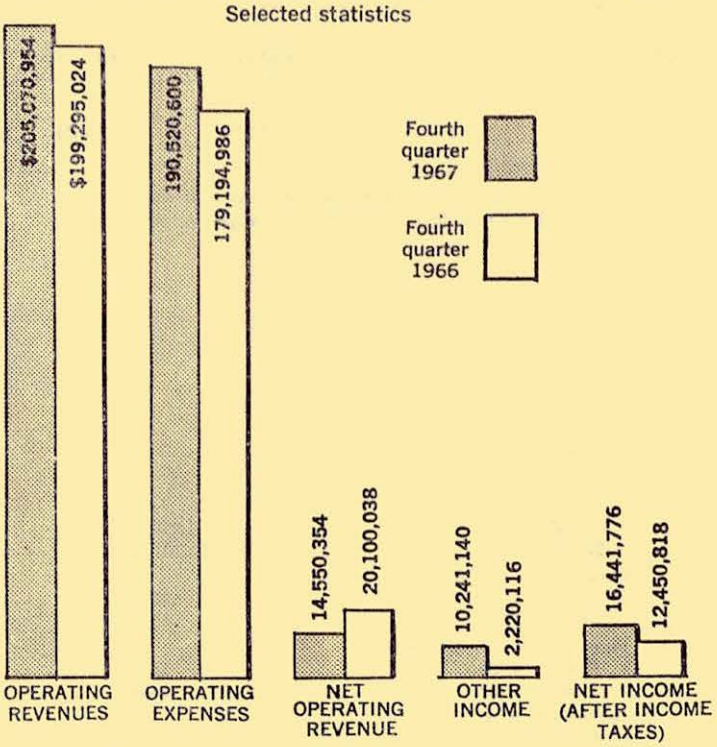
(in megawatts)



Source: National Coal Policy Conference. If, says NCPC, the estimate of 270,000 megawatts of coal-fired generating capacity is reached by 1980, a little over 600 million tons of coal will be required to supply fuel.

CLASS I MOTOR CARRIERS OF PASSENGERS

Selected statistics



Source: Bureau of Accounts, ICC. Figures are for intercity and local or suburban operations. Class I motor carriers are those having annual gross operating revenues of $200,000 or more.

MARKET OUTLOOK

CARLOADINGS

Loadings of revenue freight in the week ended May 18 totaled 580,603 cars, the Association of American Railroads announced on May 23. This was an increase of 5,059 cars, or 0.9%, compared with the previous week; an increase of 9,260 cars, or 1.6%, compared with the corresponding week last year; and a decrease of 28,722 cars, or 4.7%, compared with the equivalent 1966 week. Ton-miles generated by carloadings in the week ended May 18 are estimated at 15.4 billion, an increase of 6.6% above the corresponding week of 1967, and 2.3% above the 1966 week.

REVENUE FREIGHT CARLOADINGS
For the week ended Saturday, May 18

District	1968	1967	1966
Eastern, including Allegheny and Pocahontas ..	237,659	226,250	247,085
Southern	124,483	116,354	116,006
Total Eastern and Southern Districts	362,142	342,604	363,091
Northwestern .	75,973	79,775	91,365
Central Western	105,024	108,639	115,657
Southwestern .	37,464	40,325	39,212
Total Western Districts	218,461	228,739	246,234
Total All Roads	580,603	571,343	609,235
Commodities:			
Grain and Grain Products	33,457	40,719	53,322
Livestock	1,012	1,225	1,727
Coal	109,420	111,128	117,356
Coke	8,445	7,679	8,874
Forest Products	39,570	40,272	40,133
Ore	54,866	49,746	57,781
Merchandise l.c.l.	4,070	4,920	6,078
Miscellaneous .	329,763	315,654	324,054
May 18	580,603	571,343	609,325
May 11	575,544	575,596	611,161
May 4	580,920	564,369	602,244
Apr. 27	569,944	567,862	574,093
Apr. 20	557,100	560,891	543,639
Cumulative total, 20 weeks ...	10,559,860	10,701,177	11,041,583
Estimated revenue ton-miles (billions) 20 weeks ...	285.1	277.9	279.2

PIGGYBACK CARLOADINGS

U. S. piggyback loadings for the week ended May 11 totaled 25,595 cars, carrying 41,506 trailers, compared with 24,579 cars, carrying 41,035 trailers, in the corresponding 1967 week. Loadings for 1968 up to May 11 totaled 470,164 cars, carrying 761,532 trailers, compared with 423,888 cars, carrying 696,532 trailers, in the corresponding period of 1967.

IN CANADA

Canadian carloadings were not available as this issue went to press.

FREIGHT TRAIN CARS

• *Chesapeake & Ohio.*—Leased 2,218 freight cars valued at $27.2 million from C.I.T. Leasing Corp. Chessie Corp. (company shops) will build 1,500 open-top hopper cars and 118 60-ft box cars; Greenville Steel Car will build 500 100-ton gondolas; and Pullman-Standard, 100 covered hopper cars. Deliveries will be completed in July.

• *Missouri Pacific.*—Will order 100 70-ton box cars with load dividers, roller-bearing trucks and cushion underframes at a cost of $2 million—as a previously-unannounced part of 1968 capital expenditures totaling $36.2 million.

NEW FACILITIES

• *C&O/B&O.*—Will spend more than $1.6 million to modernize the 130-mile between Ashford, N.Y., and Punxsutawney, Pa., with installation of a traffic control system. An operator at a control board in Punxsutawney, headquarters for C&O/B&O's Buffalo division, will regulate movement of all trains over the line. Work on the project is expected to begin soon and will take two years to complete. When finished, 64 miles of the line will be single-tracked. At present, the entire section is double-track railroad. Modern mercury-vapor lighting will be installed at the Salamanca, N.Y., yard; obsolete buildings at East Salamanca will be demolished.

• *Chicago & North Western.*—General Railway Signal is supplying four sets of train-control equipment to Pullman-Standard for installation on push-pull trains for the C&NW.

• *Erie Lackawana.*—Is building a 50-acre terminal near Mt. Pocono, Pa., to handle automobiles and trucks shipped in by rail for distribution to Pennsylvania and New Jersey markets. The road will spend about $850,000 in building the facility to provide tracks, ramps, unloading equipment, fencing and lighting, along with acquiring rack cars for the traffic. The terminal will be available to all car manufacturers. Chrysler is expected to begin making test runs in June.

• *Illinois Central.*— Ordered 45 weight-responsive retarders from the Signal & Communications Division of WABCO. They will be installed at Markham Yards, Hazel Crest, Ill.

• *Louisville & Nashville.*—Awarded a contract to Oman-Codell Construction Co., to cover grading and other phases of initial construction of a 15-mile line extension to serve coal-producing areas in Bell and Harlan Counties, Ky. About 700,000 tons of coal will be moved over the new line during the first year after completion, and plans call for an increase to 3,000,000 tons in the third year.

• *Penn Central.*—Ordered 2 retarders from Signal & Communications Division of WABCO as part of the modernization program at the Enola classification yard in Harrisburg, Pa.

YOU OUGHT TO KNOW

SFI will amend exchange offer for ATSF stock

Santa Fe Industries, Inc., is seeking SEC approval for amending its exchange offer for Santa Fe railroad stock so holders of railroad preferred would have the following alternatives: They could choose either (1) an Industries 6¼% subordinated debenture convertible before Aug. 1, 1988, into 3.125 shares of Industries common per $100 principal, or (2) an Industries $.50 cumulative preferred stock, without par value on a share-for-share basis, convertible before Aug. 1, 1988, into .275 of a share of Industries common. Each $100 of debentures would be worth 10 shares of railroad preferred. Holders of Santa Fe railroad common would be offered Industries common on a share for share basis.

Big market seen for aluminum containers

W. H. Mansfield, chairman of the Aluminum Association's Cargo Container Marketing Subcommittee, predicts that "aluminum, in just five years, will build its share of the van and piggyback container market to an annual metal consumption rate of over 60 million pounds." Mansfield says the 68,000 aluminum containers now employed in U.S. and foreign trade represent 80% of all cargo containers. By 1972, 260,000 containers will be in service; 75% will be be aluminum.

Northwestern announces fall schedule

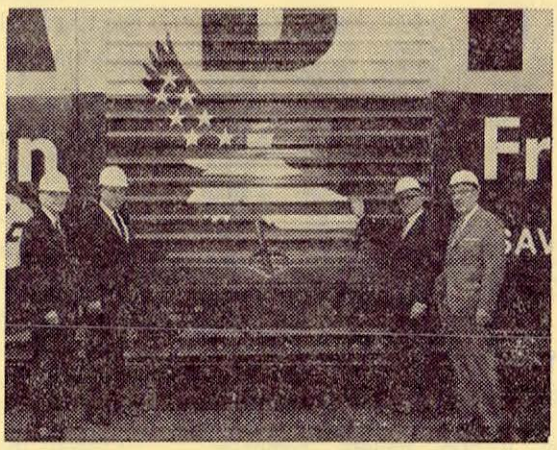
Three major management development programs have been scheduled for the 1968 fall season of Northwestern University's Transportation Center. They are Airline Management Development, Sept. 11-12; Marketing Strategy, Oct. 12-19 and Profit Strategy, Nov. 9-16.

SP moves into a $22-million computer system

The first units of Southern Pacific's computerized Total Operations Processing System (TOPS) now are working, and full development will come by 1970. "With TOPS, we will be able to have accurate, instant information on all phases of our operations and for all levels of management at our fingertips," says Benjamin F. Biaggini, SP president. SP also is completing a 760-mile microwave line between El Paso and Houston. Next year the line will be extended 1,075 miles from Houston to St. Louis. Currently being planned is a 275-mile coal slurry pipeline to move coal from northern Arizona to Nevada.

UP, L&N, EJ&E, B&LE, K&IT win safety awards

National Safety Council employee safety awards are going to Union Pacific; Louisville & Nashville; Elgin, Joliet & Eastern; Bessemer & Lake Erie; and Kentucky & Indiana Terminal—each road top-ranked in its class, based on millions of man-hours worked. NSC is also citing the Pullman Company's Calumet Shops, in this 41st annual program.



Reading aids bond drive with car promoting sales

A new Reading box car has been decked out with red, white and blue eagles and slogans publicizing the 1968 Share In Freedom Savings Bond drive sponsored by the U.S. Treasury Department. Shown with the car at the Reading shops are James Marvin, Pennsylvania director of the Treasury Dept.'s savings bond division; Reading President C. E. Bertrand; Robert S. Reider of the Treasury Dept.; and Arthur T. Wilkinson, Reading assistant general auditor.

The ICC: Crony—or procrastinator?

On May 13, The New York Times mounted a blistering attack on the Interstate Commerce Commission for allowing railroads to shrink their passenger-train operations. Expressing approval of the controversial proposals of ICC Examiner John S. Messer (RA, April 29, p. 48), The Times suggested that railroads had an obligation to provide passenger-train service, even at a loss, due to their "quasi public" status. In reply, the following letter was sent to The Times by Meredith C. Laffey, of Short Hills, N. J., retired vice president and treasurer of the Equitable Life Assurance Society of the U.S.

"Having long admired your editorials, I got quite a shock from your lead of May 13th entitled 'Hotfoot for the ICC.' Even the title is rather rowdy for The Times. But the text is not only venomous but shows little grasp of the subject.

"I assume that the author neither knows nor cares that the railroads have by far the lowest rate of return of any major industry in the country and that rail stockholders are people—long suffering people. Managements are confronted by continuous severe troubles: Struggles with the ICC, trucks that do not pay taxes or fees commensurate with their use and wear of the highways, and unions which wield great power and which fight for fantastic feather-bedding rules. Rates are raised, if at all, long after wages and other costs have escalated.

"Were it not tragic, the notion that the ICC is a pushover for the railroads would be amusing. As a matter of fact, when the railroads obviously need better rates, mergers, or what have you, the Commission is just about the best little procrastinator to be found anywhere. . . .

"But, to get back to your editorial: 'It is astonishing to learn that the Commission has never formulated minimum standards for passenger service. . . .'

"It would be a lot more astonishing if the Commission or any other person or organization could come up with one. I think it is the duty of your writer to come up with the magic to set the formula. It never occurred to him that the task might be just a trifle difficult to formulate. Suffice it to say that he is using double talk. Does he feel that if a particular train costs a dollar a mile to operate and it takes in a quarter its continuation should be obligatory?

"There is a reference to 'enormous land grants', perhaps with an inference that all railroads got them. There is no reference to the fact that the western roads which got them had to get some special inducement to build many hundred of miles out into the wilderness.

"Your writer even drags in the power of eminent domain. Does he realize that without it there would be no long distance electric transmission lines, no natural gas pipe lines, no super highways, no turnpikes? For the railroads the power is now academic. It is many a year since much new train track was constructed." ■

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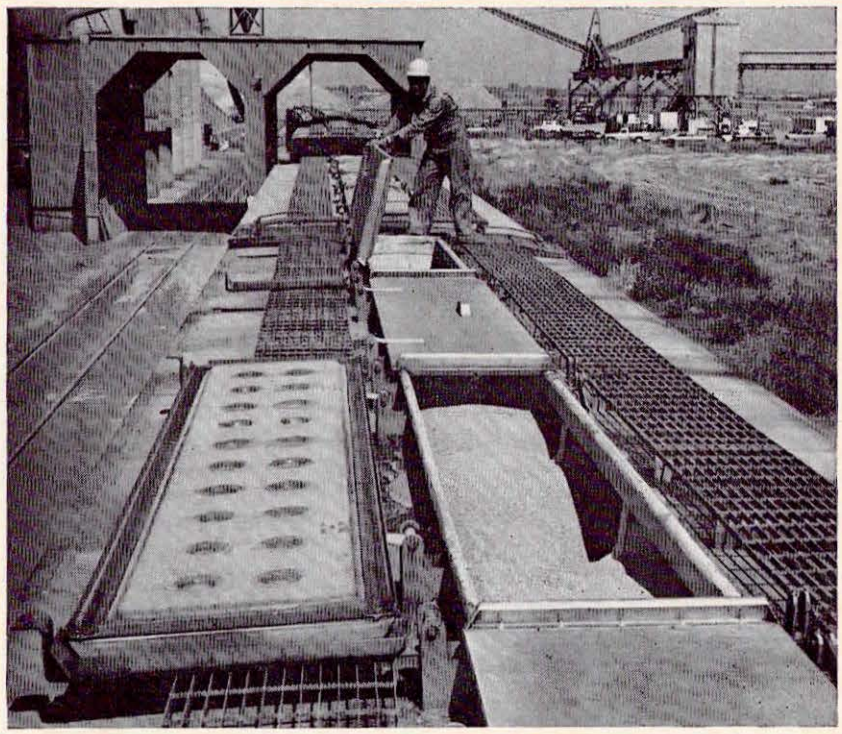

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SUPPLY TRADE

Harry M. Wood, executive vice president, **Keystone Railway Equipment Co.,** has been elected president and chief executive officer, succeeding **Jay R. Sheesley,** who is now chairman of the board.

Rocco J. Miralia has joined **Rail-Trailer Co.** as director of warehousing and distribution services, a division of the company. Mr. Miralia, formerly manager, distribution services, **Xerox Corp.,** will make his headquarters in Atlanta, Ga.

Robert E. Budorick, vice president, operations, **REALCO,** has been appointed vice president and general manager. **A. L. Shaw,** general manager, Western Region, has been named director of operations. Mr. Shaw's successor is **E. B. Bayer,** director of equipment maintenance. **John Donavich,** maintenance manager, Western Region, becomes superintendent of maintenance.

James N. Krohne has been appointed manager of public relations, **General American Transportation Corp.,** Chicago. Mr. Krohne has been a consultant in corporate and industrial public relations for the past year, and was previously vice president, **Mayer & O'Brien, Inc.,** a Chicago public relations counseling firm.

C. C. Shannon has been elected president, **Wyer, Dick & Co.,** transportation consultants, Upper Montclair, N.J., succeeding **William Wyer,** who will continue to act as chief executive officer with the title of chairman. Other officers elected: **C. J. Meyer,** executive vice president, and **C. E. Dick,** senior vice president.

Harry M. Wood
Keystone

Jay R. Sheesley
Keystone

Rocco J. Miralia
Rail-Trailer

Robert E. Budorick
REALCO

Joseph R. Schneider has been appointed director of information systems, **North American Car Corp.** He was formerly associated with **Stone Container Corp.,** where he was responsible for systems management.

Paul M. Ross, manager, Power Utilities Department, **Ohio Brass Co.,** has been appointed district manager, Seattle, Wash., succeeding **Claude R. Kingsburg,** retiring June 30, after 41 years of service.

James M. Fawcett, Jr. has been elected financial vice president and chief financial officer, **Mangood Corp.**

Frank A. Scott has been promoted to assistant eastern sales manager, **General Railway Signal Co.,** New York. He has been in charge of the Atlanta, Ga., office.

Sanford Cooke, Jr., has been appointed manager of railroad sales, **Southern Iron & Equipment Co.,** Chamblee, Ga. He was formerly district sales manager, American Car & Foundry, Washington, D.C., prior to which he was mechanical engineer, **Seaboard.**

William C. French, Jr., vice president—sales, southwestern area, **United States Steel Corp.,** Houston, has been appointed to the newly created position of vice president and general manager of sales, Pittsburgh. **Don P. Selby,** assistant to administrative vice president—commercial, Pittsburgh, appointed manager of sales, Chicago district.

The name of **American Bosch Arma Corp.** has been changed to **AMBAC Industries, Inc.**

William B. Calder, engineer of project development, **Reading,** Philadelphia, has joined Sanders & Thomas, consulting engineers, Pottstown, Pa.

H. B. Garrett, retired signal engineer, **Southern Pacific,** has been commissioned as consultant to **Railroad Accessories Corp.,** Minneapolis, Minn. **Wayne Vander Leest,** former roadmaster, **Chicago & North Western,** Hutchinson, Minn., will represent RACO as sales and service representative, San Francisco, Calif. **Robert D. Birt,** assistant signal supervisor, **Penn Central,** Springfield, Ohio, has joined RACO as assistant signal engineer, Minneapolis.

The firm of **Sverdrup & Parcel and Associates** has formed a Transportation Technology Division offering a broad range of capabilities in transportation engineering and industrial design, with principal office in Warren, Mich. **Albert J. Sobey** heads the division.

DIVIDENDS DECLARED

CHESAPEAKE & OHIO.—$1, quarterly, payable June 20 to holders of record June 3.

MISSOURI PACIFIC.—Class A, $1.25, quarterly, payable June 28 to holders of record June 14.

NORFOLK & WESTERN.—$1.50, quarterly, payable June 10 to holders of record May 9.

PITTSBURGH & WEST VIRGINIA.—4½¢, monthly, payable April 30, May 31, June 28, July 31, Aug. 30 and Sept. 30, to holders of record April 15, May 15, June 14, July 15, Aug. 15, and Sept. 13, respectively.

RICHMOND, FREDERICKSBURG & POTOMAC.—$1.50, quarterly, paid April 12 to holders of record April 2.

WESTERN PACIFIC.—55¢, quarterly, paid May 15 to holders of record May 1.

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VIEWPOINT

Piggyback's growth wasn't just a happening

If piggyback were understood—in the real, full sense—it might be a lot easier to assess, to accept, to sell.

But piggyback—in the broad sense of the word—isn't always understood. Contexts differ. Ideas of competition differ. Sales emphases differ. Reasons for offering one service or another also differ.

Railroads differ in their approach to piggyback and—Lord knows—in their approach to unwheeled-piggyback, or containerization. Shippers differ in the reasons they cite for using a trailer-on-flat-car or container-on-flat-car service.

Government people differ in the way they look at piggyback—or, in effect, in the way they look at intermodal cooperation or coordination or whatever.

It's a wonder, in short, that piggyback has managed to grow from a thing that provided fewer than 250,000 carloadings a decade ago to a service that will account for more than 1.3 million carloadings this year.

Those who would detract might call it a miracle, that railroads could build up any segment of their business—let alone build it by more than five-fold. Those who would detract might call TOFC/COFC an accident—something that happened despite the industry.

Those who would detract do have a point. Piggyback, once the idea was established, would have grown by reason of its own rightness, its own fitness for the times. But it would not have grown, automatically, from 250,000 loads a year to more than 1.3 million loads a year. It would not have grown like that, without a sales and service effort to back up even a great marketing idea.

In point of fact, railroads owe a whopping debt to a good number of the piggyback pioneers. They also owe, now, investment increases—to keep the movement moving.

In the coldest of lights, piggyback will go only so far as the railroads will take it—not the motor carriers nor the steamship lines nor anybody else. It's first a railroad job, whether it be TOFC or COFC, domestic or overseas.

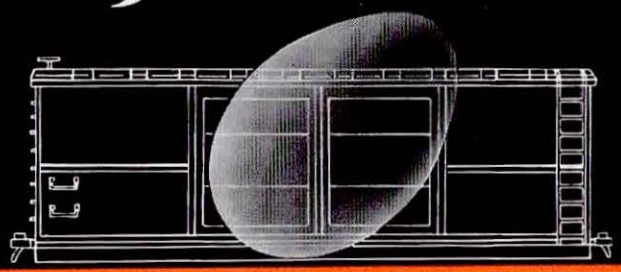
IMAGINATION AND INNOVATION PAY OFF

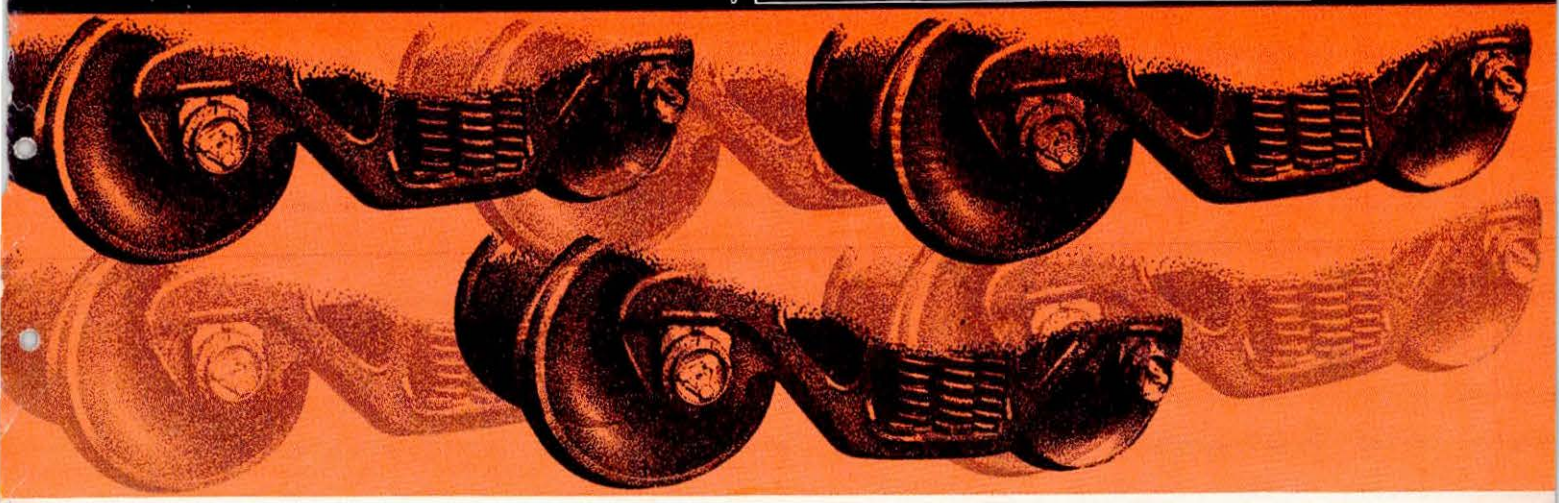
People who like the sound of success in intermodal transport operations like what railroads are doing in promoting trans-Pacific traffic. They like what railroads are doing to bring Europe closer to the East Coast. They like, as one for-instance, the idea of a Santa Fe or a Northern Pacific running broad-coverage ads to plug the railroad landbridge across the continent. They like imagination and innovation.

Not too long ago, there was a meeting of piggyback operating and traffic people. At the close of one session, one of the speakers—a man mostly involved in overseas-oriented operations—got to talking with reporters. He talked about railroads: "You boost railroads," he declared, "but they sit on their tail. They do nothing. Nothing!"

With all due respect to one man's opinion, a great "something" has already been done. A lot more cries out for doing—and it will cost money. But knowing the past, you've got to bet on the future.

Symington's high speed trucks have XL-70 ESP*





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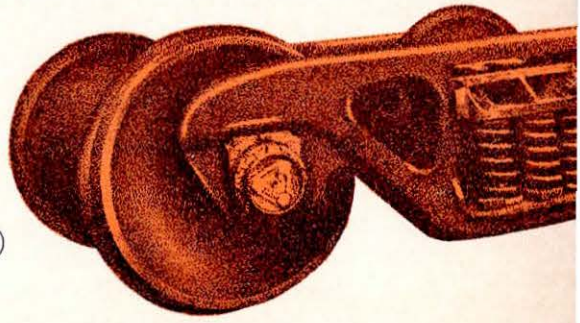

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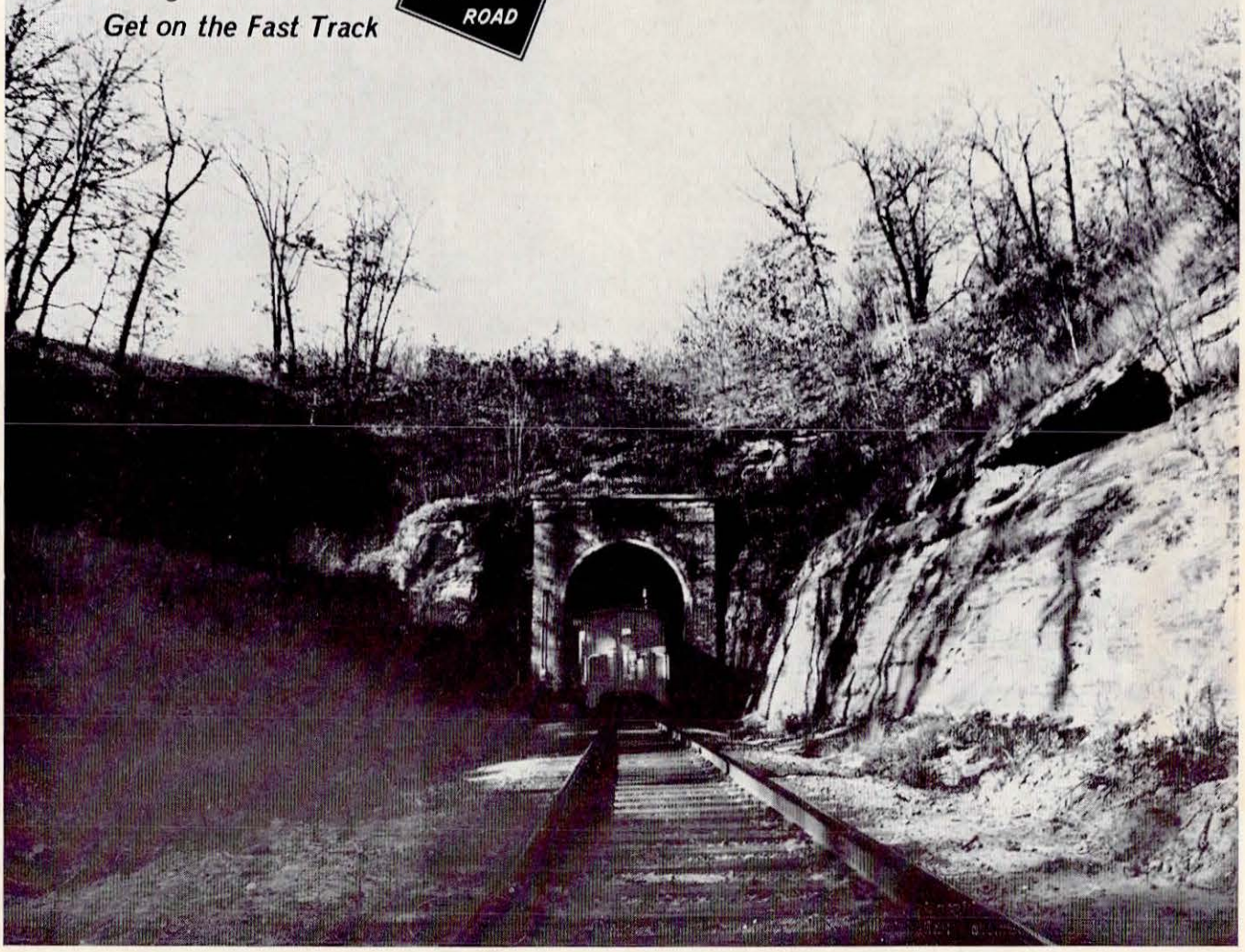
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